Daily Report
Latin America

FBIS-LAT-87-175 *10 September 1987*

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Costa Rica

Contra Leaders Meet With Arias

PA100155 San Jose LA REPUBLICA in Spanish 3 Sep 87 p 6

[Text] The "Nicaraguan Resistance," an anti-Sandinist organization better known as the "contras," met yesterday with Costa Rican President Oscar Arias. It is worthwhile to point out that Adolfo Calero, leader of the Nicaraguan Democratic Front (FDN), military arm of the anti-Sandinist organization, was absent.

Those attending the meeting were: Pedro Joaquin Chamorro Barrios, son of Pedro Joaquin Chamorro Cardenal, who was murdered in the streets of Managua on 10 January 1978; Alfonso Robelo, who fought against Somoza's dictatorship and former member of the National Reconstruction Junta (which was sworn in on 19 July 1979 when Somoza was ousted); Azucena Ferrey, representative of Nicaraguan women; and Aristides Sanchez.

La Republica has learned about the meeting between the four leaders and President Arias, who was accompanied by Presidency Minister Rodrigo Arias Sanchez.

Foreign Minister Rodrigo Madrigal Nieto was having lunch with FRG Ambassador Harald Nestroy.

The delegates of the "Nicaraguan Resistance" explained to President Arias the reason for their visit. They had already met with Honduran President Jose Azcona, Salvadoran President Jose Napoleon Duarte, and Guatemalan President Vinicio Cerezo.

They told President Arias: "We agree 100 percent with what you and the other Central American presidents signed in Guatemala City on 7 August. We totally approve of the peace plan that you have promoted, and we have no objection."

They told Arias: "We are seeking regional peace, especially peace in our country, which has been subjected to a communist dictatorship for several years."

Within that framework, they told Arias: "We support the peace plan, because we believe it is a very appropriate solution." President Arias pointed out a few aspects of the plan, and he gave his views on the situation after the signing of the plan.

The topic of the United States and its influence on the "Nicaraguan Resistance" was brought up — it had to be brought up in the meeting.

Arias said he was concerned — or better yet disturbed — because when referring to the peace process the United States almost always talks about the aid or lack of aid to the "contras," and it hardly ever mentions other important aspects of the plan.

Arias also expressed his concern over the compliance with the signed agreements, but he felt that the Sandinists must be given an opportunity.

The delegation explained the real situation regarding U.S. aid to the "contras."

They reviewed for him in minute detail (the meeting lasted 1 hour and 17 minutes) the meeting held 2 weeks ago with President Reagan.

They said that at the meeting the following had been made clear: The counterrevolutionary groups exerting pressure for a change toward democracy in Nicaragua need humanitarian help; therefore, they request the continuation of that aid from the United States and agree that the lethal aid be "frozen" until 7 November, which is the deadline for Ortega to fulfill his commitments.

There are doubts as to whether Ortega will comply with the agreements he signed. The Nicaraguan delegates felt that Ortega has already demonstrated that he does not always honor his signature.

A case in point was his noncompliance with the agreements he had signed at the OAS and consequently before the entire Latin American community in July 1979. "Nothing was complied with; as a consequence Nicaragua is a communist dictatorship today."

Robelo, who was a member of the first government junta, and Mrs Violeta de Chamorro, Pedro Joaquin's mother, had to leave that junta. The only members still remaining are Ortega and Sergio Ramirez.

The anti-Sandinists have doubts about Ortega, and they doubt that the Sandinist government will comply with the agreements. They pointed out there is a domestic division of power between Borge and Ortega.

They told the president: "It has been 26 days since you signed the peace plan in Guatemala City, and there has been no sign on the part of Nicaragua of wanting to arrive at a cease-fire.

"We are ready to meet with Ortega tomorrow, wherever he wants; but he wants to meet with Reagan (that is the same as if the Salvadoran FMLN were to say it will meet only with Gorbachev.)"

The "Nicaraguan Resistance" is concerned about how little or almost no progress has been made in 26 days (one third of the allotted time) for the peace process to take place, and they expressed this concern to President Arias.

Arias told them that he is also worried; the days go by and even though there are some hopeful signs it is not what was expected by this time.

The four "Nicaraguan Resistance" members left the meeting "neither happy nor sad."

Spokesman Robelo said that "our cards are on the table; we want peace; we are struggling for the democratization of Nicaragua — in summary, everything in the peace plan."

Chamorro said that "Ortega and the FSLN have the final word for the 15 September meeting."

He added: "If the cease-fire takes place we will forego the military aid, and we will apply it to aid the Nicaraguans returning home."

"We want Don Oscar to help us make Ortega understand, so the peace process will accelerate."

Arias said that he would do everything in his power to help a meeting take place between the "Nicaraguan Resistance" and President Ortega, but he obviously cannot force Ortega to do it.

Concerning Adolfo Calero, *La Republica* was told that "Costa Rica allows persecuted civilians into the country and allows them to be in the country as civilians, but Costa Rica does not allow anyone to act in a military capacity, because that would be a compromise of its neutrality and a violation of the right of asylum."

It was said that he heads the FDN, an armed branch of the anti-Sandinists, and,therefore, his presence in the country is not be allowed.

El Salvador

Duarte Urges FMLN To End Armed Conflict

PA050420 Panama City ACAN in Spanish 0223 GMT 5 Sep 87

[Excerpts] San Salvador, 4 Sep (ACAN-EFE) — Salvadoran President Jose Napoleon Duarte told ACAN-EFE today that the guerrillas should stop their violent activities and join the democratic process to end the armed conflict through dialogue and negotiations.

Duarte likewise feels time has run out for resuming the dialogue with the rebels on 15 September. However, he left the door open so in the future there can be a negotiated solution to the Salvadorn civil war.

President Duarte explained to ACAN-EFE that there are two alternatives for talks between the government and the guerrillas, although he said both have as prerequisites that the rebels accept the democratic process, which calls for an end to violence as a means of achieving power.

Duarte explained that the first alternative refers to a dialogue that will meet the deadlines established by the peace agreements signed by the five Central American presidents on 7 August in Guatemala City.

The second alternative "is that both sides be willing to talk about peace, for which the rebels must respond to three issues: They must accept peace, join the democratic process, and, therefore, reject violence to be able to accept an amnesty," he said.

Both alternatives, which Duarte considers a single proposal, are based on full acceptance of the peace agreements signed in Guatemala City, which so far have not been expressly accepted by the FMLN-FDR. [passage omitted]

Meanwhile, the political parties opposed to the ruling Christian Democratic Party are demanding the Salvadoran Government begin an unconditional dialogue with all groups in the country, including the rebels.

Nevertheless, Duarte has interpreted this statement by the political parties as a ratification of his dialogue proposal, and he says conditions have been established. "The first condition is that the constitutional framework be respected and the second is that the spirit of Esquipulas II be accepted," the Salvadoran president said after presiding over the end of a course in human rights for policemen. [passage omitted]

PDC Secretary Denies Party Division

PA092159 San Salvador Radio Cadena YSKL in Spanish 1100 GMT 9 Sep 87

[Text] The ruling Salvadoran Christian Democratic Party [PDC], which is preparing for the 1988 elections, condemned electoral fanaticism and denied that there is internal division in the party. The party leadership also regretted the death of a party member who was killed by a fellow party member over the weekend.

PDC Secretary General Rodolfo Castillo Claramount repeatedly denied that the murder of PDC member Wilfredo Panameno was linked to internal divisions within the PDC. Panameno was murdered on Sunday by Pedro Mejia — the bodyguard of Manuel Lopez, PDC deputy for the northwestern Cabanas Department — after a discussion that eyewitnesses described as heated.

According to our reports, Panameno was a supporter of Planning Minister Fidel Chavez Mena and Lopez is a supporter of Culture and Communications Minister Julio Adolfo Rey Prendes, who along with [San Salvador Mayor] Antonio Morales Ehrlich expects to be the presidential hopeful for the 1988 elections.

Although the PDC denied the division, the three leaders are immersed in an internal struggle to obtain representatives of the party's rank and file, which is the country's primary political force.

Castillo regretted the information manipulation of the Cabanas Department case and stressed the fact that the murder was not caused by internal divisions within the party.

Guatemala

Demonstration Held Against New Taxes

PA082030 Panama City ACAN in Spanish 2002 GMT 8 Sep 87

[Excerpts] Guatemala City, 8 Sep (ACAN-EFE) — Stores closed at noon today in Guatemala to reject the fiscal reorganization plan. At the same time, thousands of demonstrators gathered in front of the National Palace to demand President Vinicio Cerezo's resignation.

The closing of businesses not only included big stores but also markets and street vendors.

As occurred 5 years ago in the street protests that preceeded the fall of General Fernando Romeo Lucas Garcia's government (on 23 March 1982), there was unity of social classes in the city.

Industrialists, businessmen, housewives, workers, university and secondary school students, and political leaders gathered in an impromptu rally in the square in front of the National Palace.

For the first time since 1920, when dictator Manuel Estrada Cabrera was overthrown, wives of businessmen and industrialists were among the demonstrators.

As the placards carried by hundreds of demonstrators stated, they were all "against the approval of new taxes." [passage omitted]

No industry or commerce representative was able to say whether the closing of businesses was for a definite period beginning today or whether it was just for the demonstration.

An ultimatum to the government issued this morning by the business sector stated that "it would take actions" beginning noon tomorrow.

Businessmen reported that businesses were also closed in the main departmental capitals in the interior of the country, where even the bars were closed.

Reconciliation Commission Appointed
PA091829 Panama City ACAN in Spanish 1628 GMT 9 Sep 87

[Text] Guatemala City, 9 Sep (ACAN-EFE) — The Guatemalan Government of Christian Democratic President Vinicio Cerezo has appointed the National Reconciliation Commission as stipulated by the "Esquipulas II" peace agreement, a government source reported today.

Foreign Minister Alfonso Cabrera Hidalgo, who is also secretary general of the ruling Guatemalan Christian Democracy, announced that "the six members and alternates of the National Reconciliation Commission have been chosen."

The government appointed Vice President Roberto Carpio Nicolle as its representative to the commission and Teresa Bolanos de Zarco — a co-owner of the daily *Prensa Libre* — as a "notable" person.

The leaders of the Conservative Party, Jorge Serrano Elias and Colonel Francisco Luis Gordillo, were accepted as member and alternate, respectively, representing the opposition political parties.

From the Guatemalan Bishop's Conference, Monsignors Rodolfo Quezada Toruno and Juan Gerardi y Conedera were appointed as member and alternate, respectively.

Cabrera said Vice President Carpio Nicolle will administer the oath to the commission members on a date yet to be announced.

According to the document on "Procedures for Establishing a Firm and Lasting Peace in Central America," signed on 7 August by the presidents of the region, the Reconciliation Commission seeks to verify compliance with the commitments.

This specifically refers to amnesty, a cease-fire, democratization, and free elections in the countries where there is an armed conflict.

In addition, the commission will monitor "absolute respect for all the civil and political rights of Central American citizens guaranteed by this same document."

Former Guatemalan Foreign Minister Mario Quinonez Amezquita told ACAN-EFE that, contrary to the attitude of Honduras, "the five Central American countries are obligated to form a reconciliation commission."

Quinonez Amezquita pointed out that "the document specifies that all the countries should appoint the commission, regardless of whether they have internal political conflicts."

Honduran Foreign Minister Carlos Lopez Contreras recently said that Honduras was not obligated to create the reconciliation commission because it does not have any problems that must be "reconciled."

Honduras

Foreign Minister on Regional Affairs
PA060219 Tegucigalpa Radio America in Spanish 1450 GMT 3 Sep 87

[News conference by Honduran Foreign Minister Carlos Lopez Contreras with local and foreign reporters at the Foreign Ministry in Tegucigalpa — live]

[Text] [Lopez Contreras] Improper and unjustified [words indistinct] have been made by some foreign media against the Honduran Government and Foreign Ministry regarding the development and implementation of the commitments made in the Guatemala City agreement. In the face of the existing political and economic interdependence, President Jose Azcona's government has gradually been claiming and consolidating greater autonomy in its foreign policy. In this respect, and to enlighten some U.S. media, the legend of an alleged Honduran subservience to U.S. foreign policy is nothing but a myth disseminated by biased sectors.

Honduras and the United States have disagreed and no doubt will continue to disagree on bilateral and multilateral matters. However, as is understandable, they also share views on political, economic, and security matters. This does not mean one is submissive to the other.

Regarding regional peace talks and the Contadora process: The impasse during the Contadora negotiations last year was caused by Nicaragua's lack of commitment on negotiating limits on weapons and military units as well

as on verification and control mechanisms. Nicaragua aggravated the (?impasse) in the negotiations by resorting to international legal means and depriving the Contadora Group of total jurisdiction in the handling of the Central American peace effort.

Regarding the Arias plan: As you will recall, when Costa Rican President Oscar Arias Sanchez presented his peace initiative, Honduras supported the goals of the Costa Rican document. In due time it presented Honduras' views on the matter. It proposed that the Arias plan — which offered a response to the domestic aspects of national reconciliation — be merged with the Contadora effort. The purpose was to ease tensions among states caused by domestic conflicts. Honduras' proposals regarding the peace initiatives envisaged the resumption of bilateral talks between Nicaragua and the United States at the appropriate time.

The Azcona administration has implemented a constant and coherent peace policy. The last 3 years have not been as delicate for Honduras as predicted. Many of you can very well attest to that. In view of the abnormal situation in Central America, marked by civil wars that have been raging for over 5 years in some countries, the current Honduran Government has observed utmost care and calm in its international relations. It has avoided frictions caused by foreign civilian and military authorities. It has moderated the tone of its protests over incidents. To the extent possible the government has presented protests for public consideration so as to calm emotions.

Despite the reluctance several months ago on the part of some Central American governments to participate in the foreign ministers' meeting in Tela, Honduras' perseverance finally brought about a meeting here in Tegucigalpa of the Central American and Contadora Group foreign ministers. In this way we succeeded in reactivating that mediation group and in making the preparations for the presidential summit meeting in Guatemala City and for the Esquipulas II accord.

In Guatemala, the Central American governments spent 3 days discussing diverse views on how to approach the Arias plan.

Happily, the Central American presidents signed the Guatemala City peace accord on 7 August. Since that time the Honduran Government has in good faith participated in the various stages of the accord's implementation. Thus, in San Salvador on 7 August we the Central American foreign ministers formed the [1 second break in reception] stipulated in the accord and took preliminary steps for the Caracas meeting. We formed the International Verification and Follow-Up Commission in Caracas on 22 August. In addition, we agreed to hold the next meeting of the Executive Commission in Managua on 17 and 18 September. A meeting of ad hoc representatives of the 15 members of the Verification and Follow-Up Commission will also be held in Managua to consider the Guatemala City accord's verification commitment procedures. Honduras complies with the Guatemala City accord strictly and in good faith.

There is no reason for some news media to let themselves be surprised by groundless speculations inexplicably aimed against our country. I want to hereby report that Honduras has not participated in collective protocol ceremonies such as the presentation of the Guatemala City accord to the UN secretary general. Honduras, however, did present the document unilaterally and in private; that is, through our ambassador at a separate meeting.

I want to stress that the agreement was presented to the UN and OAS secretaries general through a message sent by the Executive Commission, comprised of the Central American foreign ministers.

In addition, the secretaries general of the two organizations are members of the International Verification and Follow-Up Commission and attended the Caracas meeting convened to establish that commission.

Honduras' nonparticipation in this protocol ceremonies is not meant to...[corrects himself] is meant to emphasize that the continuation of the international judicial action against Honduras goes against the principles of goodwill and reciprocal trust on which the Guatemala agreement is based.

Honduras believes that fraternization with Nicaragua before that country withdraws its unjustified suit filed against our nation goes against our interests. That suit is an overwhelming repudiation of the goodwill and reciprocal trust that must prevail in the Guatemala agreement.

With regard to the legality of the Guatemala agreement, in its report to the Honduran legislative branch the Foreign Ministry described the document's Procedures to Establish a Firm and Lasting Peace in Central America as, quote, a preliminary, political agreement, unquote, the enforcement of which depends mainly on the good faith of the parties involved. The Foreign Ministry did not describe the agreement as a formal international treaty.

That description was intended to facilitate the implementation of the Guatemala agreement. It is important to recall that a formal, international treaty must be submitted for approval to the legislative branch, and there must be a waiting period before it enters into effect.

Gentlemen of the news media, 27 days after the Guatemala agreement was signed President Azcona's government maintains its faith that the agreement will be fulfilled to offer a possibility for democratic peace to all Central American peoples.

Honduras keeps its faith, although an agreement to cease hostilities in those countries experiencing a civil war has not yet been attained. Honduras keeps its faith, although hundreds of thousands of Central American refugees cannot yet return to their countries of origin. We keep our faith that the governments of those countries with deeply divided societies will take all necessary measures to attain

an effective cease-fire in accordance with the Constitution and that they will initiate dialogue for national reconciliation with the various opposition groups.

We also believe that states of emergency will be lifted in those countries that have suspended civil rights and that those countries will enter a phase of true democratization, one with the freedom of speech you exercise.

The statements by His Emminence Cardinal Miguel Obando y Bravo are encouraging because he is the president of the Nicaraguan National Reconciliation Commission, which will, quote, try to take the necessary steps to attain national reconciliation and the peace that we are longing for, unquote. He adds that the National Reconciliation Commission will supervise, quote, whether we are taking the necessary steps toward reconciliation, whether there is full and total amnesty, whether the state of emergency is lifted, and whether civil rights are restored, unquote. Those statements strengthen our faith.

Honduras wants to faithfully believe that all Central American states will fulfill the Guatemala agreement within the established 90-day period and in accordance with each of their mutual commitments in a reciprocal and simultaneous way, as has been agreed. I am now ready to answer your questions.

[Reporter] [Words indistinct] government's view about the national reconciliation commission?

[Lopez Contreras] I want to reiterate what I have officially stated on behalf of the Honduran Government at the Legislative Assembly. Our country is not experiencing a war or a state of emergency. Therefore, the creation of a provisional reconciliation commission does not apply to our country because we have a legal and political system that works. We have elections, political parties, civil rights, freedom of press, etc. The Guatemala document's provision concerning the national reconciliation commission was that the commission should verify the implementation of measures that would lead to a dialogue, cease-fire, amnesty, state of emergency [as heard], democratization, repatriation of refugees, and armed groups' participation in political processes.

I wish to emphasize that I participated in the Contadora Group's negotiations for 4 years and sought agreement on the Contadora document. Throughout this process, Honduras' proposal, the Caraballeda document, the Arias peace plan, and Honduras' proposal — issued approximately 10 months ago — indicate that the national reconciliation commission is specifically intended for countries affected by civil war. Everyone who participated in the negotiations knows this quite well, and the foreign ministers know that the creation of these commissions is precisely to overcome civil war, to attain national reconciliation, and to allow the repatriation of refugees. This does not apply to countries whose civil and political institutions function very well, because it would imply introducing a verification element that would undermine certain institutions' specific function — for example, that of the National Electoral Tribunal.

[Moderator] Noe Leiva, and then Maria Flores.

[Leiva] Mr Foreign Minister, according to Senator Dole the Honduran Government advocates additional aid for the contras.

[Lopez Contreras] It is inappropriate for me to comment on Mr Dole's remarks or on what is attributed to him. I can only say this: Through its president, Honduras has pledged its faith in the Guatemala agreement and is willing to fulfill that pledge. This includes a request for an international appeal to all sectors who interfere in Central America by sending aid to subversive groups to cease their aid.

[Flores] [passage indistinct]

[Lopez Contreras] It is inappropriate for me to list all the different ones right now, and it would be pointless. However, I can give you some examples: You are aware of the problems between the Honduran and U.S. Governments concerning the creation of a regional military training center; following lengthy negotiations an agreement was reached to withdraw the proposal. There is currently a dispute regarding Temistocles Ramirez' case, and the U.S. Government's position concerning the Guatemala agreement is still unclear. You can rest assured that the Honduran president was fully aware and fully convinced of what he was doing when he signed the document.

[Moderator] Fernanda Castrejon from HRVC [expansion unknown] and German Reyes from Radio America.

[Castrejon] This is Fernanda Castrejon from HRVC. [Words indistinct] the cease-fire among [as heard] Nicaraguan Sandinists [words indistinct] tactic will enter Honduras [words indistinct] contras as well?

[Lopez Contreras] There is an International Verification and Follow-Up Commission on the Guatemala agreement commitments. It is the duty of that commission to determine how the peace process among area governments involved in armed conflicts will be conducted and how the use of neighboring territories will be stopped. That means that once peace is attained the rebel groups will be relocated.

[Moderator] Next is German Reyes from Radio America.

[Reyes] I would like to return to the topic of national reconciliation. Why have neither you, Mr Foreign Minister, nor President Azcona negotiated the issue of limiting national reconciliation to Guatemala, El Salvador, and Nicaragua, thus excluding Costa Rica and Honduras and avoiding the controversy that has appeared lately?

[Lopez Contreras] We do not think there is any controversy. The Guatemala agreement philosophically, categorically, and clearly states that the national reconciliation issue involves only those countries that are experiencing armed conflicts. There is no possibility, it is

absolutely inconceivable that the Guatemala negotiations suggested the formation of national reconciliation commissions in countries where there is nothing to be reconciled.

All countries have problems, of course, but it is inconceivable that a reconciliation commission should be established in those countries where legal order, political institutions, and opposition political parties work well; I believe that currently the opposition Innovation and Unity Party presides over the National Electoral Tribunal, which is the organization in charge of verifying and guaranteeing elections.

Costa Rica was not excluded from the national reconciliation issue either, but Costa Rica has decided that it will not create such a commission because it will not go against institutional and legal order. That would also be the case in Honduras. Such a commission would go against current Honduran law and its constitutional principles. The Guatemala agreement would have to undergo the approval and eventual ratification by the Honduran legislative branch in order to make its implementation possible.

[Reyes] Is Honduras thus willing to postpone delivery of the F-5 planes [words indistinct] in December, or would it follow the saying that goes: If you want peace, get ready for war?

[Moderator] You have asked a difficult question. Let us listen to Foreign Minister Lopez Contreras' answer.

[Lopez Contreras] Security is one of the issues that Honduras has been promoting through the Contadora Group process. Moreover, during negotiations of President Arias' peace plan Honduras presented a proposal establishing a time period within which a legal system regulating the maximum number of soldiers and weapons would be formed.

Unfortunately, despite our insistence it was impossible to establish a deadline for (?negotiation). [Words indistinct] in matters regarding troops and weapons. Thus, this is a point that remains open for discussion — the mechanism for conducting this has been established in the Guatemala agreement. We must note that this is going to be a commission, an organization that would be comprised of representatives from the five Central American governments, with the participation of the Contadora Group.

I would like to tell you that from the point of view of national interest and security it would be unwise to disarm when others insist on getting more weapons.

[Moderator] Foreign Minister Carlos Lopez Contreras replies that it is unwise to disarm when other countries receive weapons; this is in regard to the F-5 planes. One of the foreign correspondents asked Foreign Minister Lopez Contreras a question. We have been unable to get to the question; however, we will have the answer. The question refers to incursions inside Honduran territory by various countries and vice versa. This is the point Foreign Minister Lopez Contreras will refer to now, during this news conference that is being broadcast from the Foreign Ministry. Foreign Minister Lopez Contreras will now respond to this question, which we have not been able to get to until now.

[Lopez Contreras] That is a very difficult question, because it deals with conjecture. I understand you were on the ground when you made that observation. It is very difficult to confirm that a plane is flying across borders, and to allege that the plane has actually crossed the border is quite difficult indeed. I would not dare answer that question. [Moderator] That was the question by Foreign Minister Lopez Contreras — rather, the answer by Lopez Contreras. A correspondent is asking: Although there are no contras in Honduras, will the Honduran Government allow, as part of the Guatemalan agreement, the Verification and Follow-up Commission to visit El Aguacate and other bases in [words indistinct] of the contras? This is the question that has been asked.

[Lopez Contreras] Honduras maintains that it has not authorized the establishment of camps, the entrance of any insurgent groups into Honduras, or the use of Honduran territory as a sanctuary for any insurgent groups.

According to the Guatemala agreement, Esquipulas II, Honduras' commitment is to not permit the use of its territory as a sanctuary for insurgent groups to launch operations against neighboring countries. Honduras intends, is willing, and has promised to comply with this obligation. Regarding verification, this is a matter for the commission, which is about to meet in Managua on 16 September to examine and determine the authority and scope of the commission and the ways to implement verification.

[Moderator] Manuel Torres from IPS.

[Torres] During the conference you mentioned the responsibility that the international press has concerning Honduras' bad image. However, what about the image of Honduras now that Senator Dole and four other senators have visited the area, and two of the senators visited the contras' camps here. Did the senator [Dole] announce that he will visit the rebel leaders in their own camps between 8 and 10 September?

[Moderator] Who is telling the truth? Senator Dole or Foreign Minister Lopez Contreras?

[Lopez Contreras] [Words indistinct] by all foreign media correspondents. [Words indistinct] You will have the opportunity to get this information because you will receive a copy of my opening statement at the conference. Regarding the statement by Senator Dole and the other senators, I have not seen any published statements. He [Dole] did mention, however, that he had stated that he would visit the refugee camps in Honduras and,

afterwards, he would visit the contras' camps. I understand that he is going to visit the camps in Nicaragua, in territory that has been occupied by the counterrevolutionaries. [Words indistinct] in the past weeks I have learned that [words indistinct] some 53 clashes have taken place.

[Moderator] In other words, the foreign minister has said that they will have to go to Nicaragua.

[Reporter] It was the government's policy that Honduran territory could not be used without government authorization. However, you said in San Salvador that there were no contras in Honduras. What is the difference?

[Lopez Contreras] The contras? They do not have Honduran Government authorization to be here. [Words indistinct] has not been authorized and we have to verify that Honduran territory is not improperly used by rebel groups from Nicaragua or El Salvador.

[Moderator] [Words indistinct] another question.

[Reporter] The peace agreements specify that the governments will offer all necessary facilities so that verification of this agreement can occur. This refers to the previous question. Would you allow the Verification Commission to visit the bases [words indistinct]?

[Moderator] Would you allow the commission to visit the Aguacate and El Cisne bases?

[Lopez Contreras, in progress] ...if it comes under verification; this is not [words indistinct] commitment made by Honduran Government regarding inspection and verification. I will take questions from [name indistinct] and after that from Reyes of Radio America.

[Reporter] Does this mean that the Foreign Ministry would allow the press to go to places like El Aguacate and El Cisne, where we know the contras are stationed?

[Lopez Contreras] I do not think that you are part of the International Verification and Follow-up Committee. [passage indistinct]

[Reporter] Foreign Minister Lopez Contreras, I want to refer to another topic of the Guatemalan presidential agreement: It states that a cease-fire must be initiated, that Honduras is not at war with any country, and it also states that contras are not authorized to be in Honduras. What are the existing mechanisms to ensure that the contras stop attacking Nicaraguans from Honduran territory?

[Lopez Contreras] I understand that military actions between the revolutionaries and Sandinist government troops occur in Nicaraguan territory. We do not have the authority to enter Nicaraguan territory to control the counterrevolutionaries. In addition, regarding Honduran security, the president has repeatedly stated since last year that even if we want to contribute to pacifying the area we cannot do so at the risk of losing our security. We cannot risk Honduran security by moving our few troops to guarantee the Nicaraguan Government's border. The problem of armed opposition is one of intolerance; it is a problem of the mass exodus of people from their territories that generates an armed oppositon. This is a problem that has to be resolved politically, through negotiation, through national reconciliation, so that the germ that caused the armed opposition no longer exists and the refugees — the hundreds of thousands of refugees that are in foreign countries — can return to their country and rejoin the national political process.

[Moderator] They are asking Foreign Minister Lopez Contreras a question.

[Lopez Contreras] There have been talks between the Honduran and Nicaraguan Governments. We have repatriated approximately 2,000 Misquitos in the past few weeks. We have opened a land route to ease repatriation in addition to the existing air route. However, Hondurans, or the Honduran Government, should not consider it a Honduran problem. We are simply the ones who have received the refugees, but they are not our political or social responsibility. The Honduran action of allowing them to take refuge in Honduras is a humanitarian one that is fully consistent with the international agreements Honduras has signed. The political responsibility of resolving the refugees' problem belongs to the countries from where they came. The Guatemalan agreement states that the five governments are committed to taking steps to resolve the refugee problem. Thus, it is not a Honduran responsibility but a collective one. Furthermore, the five presidents determined that the problem should be an international responsibility as well; the Central American governments will cooperate to seek bilateral solutions and, together with other countries and organizations, they are to search for solutions to the refugee problems. However, I insist that the problem is fundamentally a political one and it is one of repatriating the refugees to their places of origin.

[Moderator] [passage indistinct]

[Lopez Contreras] Entering our territory de facto — that means without having the government's authorization. This is not a new problem. It is a problem because of Honduras' neutrality. Armed conflicts that occur in neighboring countries always have a tendency to look for support in nearby territories. This is a problem we have historically lived with, and one that is well-known by the Sandinist government because it used Honduran territory without Honduran Government authorization. This is a reality of life. Now, as the president has stated, the Honduran commitment is to not allow Honduran territory to be used.

[Moderator] [passage indistinct]

[Reporter] Dr Lopez Contreras, it was said that the Salvadoran president went to a farm located on the northern coast, [words indistinct] and that he met with [words indistinct]. What do you know about this? Also, it

was announced that he was going to come last Sunday or Saturday and the visit was called off at the last moment. So, I have two questions: Did he really come? Will he really come?

[Moderator] [Words indistinct] Napoleon Duarte's surprise visit?

[Lopez Contreras] I know nothing besides what is in the press. I was in contact with the Salvadoran Foreign Ministry until Friday afternoon. There was absolutely no mention of an alleged trip to Honduras by President Duarte.

[Moderator] To conclude, two more questions. Asking the last two questions are Victor Mateo and Patricia Murillo.

[Mateo] [Words indistinct] It has been known that the contras constitute another question [words indistinct] do not recognize the contras. [Words indistinct]...

[Moderator, interrupting] This is Radio America broadcasting to the nation. This press conference has been quite controversial [words indistinct] satisfaction of those that have asked Foreign Minister Lopez Contreras questions. Some conclusions must be drawn somehow. Mr Mateo is asking a very long question. Let us see how the foreign minister replies to Mr Mateo's remarks during this press conference. Here is Foreign Minister Lopez Contreras:

[Lopez Contreras] The Honduran Government's objective regarding the use of territory and refugees is to promote a policy of repatriation. Refugees bring armed conflicts. That is a fundamental concept. As for the case you mention regarding refugee camps, indeed problems have arisen. They result from a reluctance in recognizing Honduras' right to exert authority in those camps. There is even reluctance to recognize its authority regarding education. That is included in Honduras' policies. It seriously wants to exert its authority in all aspects and promote repatriation. As much as possible Honduras wants to serve as a transit point for refugees. It also wants other countries to assume their responsibilies regarding the refugee problem. Honduras has truly fulfilled its quota of international commitments.

[Murillo] [Words indistinct] there have been many refugees in El Paraiso Department, which is the country's main coffee producing area. [Words indistinct] the U.S. Congress [words indistinct] in El Paraiso. Displaced coffee growers and their families have had to abandon the zone due to the [words indistinct] and clashes stemming from the presence of Nicaraguan counterrevolutionaries. These cases have been even by denounced by the [words indistinct] Honduran soldiers.

Therefore, U.S. Senator Christopher Dodd said that these people will be given indemnity payments, but they will have to wait. My question is: Who has the political, moral, and financial responsiblity to indemnify thousands of our compatriots, (?because Nicaraguans) are using their territory [words indistinct]?

[Moderator] Patricia Murillo asked that question. [passage indistinct]

[Lopez Contreras] This is a very delicate problem. This problem is caused by the abnormal situation in Central America. This situation stems from armed actions that spill over from Nicaragua. This has brought bloodshed to Honduras and caused people to be displaced. However, I am convinced that the government is deeply concerned about this situation. The Foreign Ministry is not responsible for arranging an indemnification. Until now the Foreign Ministry has not been assigned that sort of job. This is more of a domestic problem. If it is decided that the Foreign Ministry has to act on this matter it will duly do so. That is what I can tell you now. I can only insist that the problems and damage that the displaced people are experiencing are the result of the armed conflicts that are raging in other countries. Thank you.

Nicaragua

Obando on Commission, Amnesty

PA092249 Managua Domestic Service in Spanish 0300 GMT 9 Sep 87

[Text] The National Reconciliation Commission, entrusted with the mission of verifying compliance with the agreements signed by the Central American presidents in Guatemala last month, today met at the Apostolic Nunciature to discuss the agenda. This was announced by Cardinal Miguel Obando y Bravo, president of the commission. He also disclosed two decisions made regarding the reopening of the newspaper *La Prensa* and the pardon of 618 prisoners, who are about to be released.

The commission agreed to meet every 2 weeks and to hold extraordinary meetings as requested by the delegates, who actively contribute to achieving peace, instead of waiting until 5 November. Participating in the meeting were Cardinal Obando y Bravo, serving in his function as president of the commission, and the other members: namely, Sergio Ramirez Mercado, Mauricio Diaz, and Gonzalo Ramirez.

Cardinal Miguel Obando y Bravo, president of the National Reconciliation Commission, today unveiled what the overall agenda will be. He also disclosed that the owners of *La Prensa* had asked that the newspaper be reopened. Cardinal Obando y Bravo talked to us about this and other matters:

[Begin recording] Many guidelines were established. We are going to reach agreements by consensus instead of by vote. When the commission approves a decision by consensus, it will be conveyed to the government through the appropriate channel, specifically, through Vice President Sergio Ramirez. We approved two resolutions [words indistinct] members of the commission conclude.

We have received a letter from *La Prensa* requesting that the newspaper be reopened to provide news. This letter will be forwarded to the government through

Dr Ramirez. We feel these communication channels must exist to provide greater information to the Nicaraguan people.

Today, Dr Ramirez said the government was prepared to take steps. He was then asked a question. The National Reconciliation Commission seeks to verify and corroborate [words indistinct]. Therefore, developments must take place. The question was this: If these developments will only take place after the 90-day period expires, then is it not true that the commission actually has little to do? If there is no cease-fire after the 90-day period, we understand that the commission would then not meet.

Dr Ramirez said that the government has good intentions. As a process, it will take steps. It will take steps even regarding amnesty, although the concept of amnesty is not well defined.

At that time, I said that I personally believed that amnesty must be total; I was speaking like a pastor. As a pastor, I would say now that there must not only be amnesty — and here I am speaking on a personal basis — but there must also be a pardon. I also suggested this to Mauricio Diaz, who had spoken about a pardon. I, too, agree with granting a pardon. I would take it one step further. People in jail for related crimes should also be included in the pardon. These statements are made on a personal basis. [end recording]

Arce Discusses Fulfillment of Esquipulas II

PA092325 Managua Radio Sandino in Spanish 1200 GMT 9 Sep 87

[Passages within quotations recorded]

[Text] On behalf of the FSLN National Directorate, Commander of the Revolution Bayardo Arce Castano greeted the national and foreign journalists present at the commemoration of International Journalists Day. In his speech, Commander Arce said that with the agreements signed by the Central American presidents, the possibility of achieving peace in the region has been opened. Here are his remarks:

[Arce] "On behalf of the FSLN and the revolutionary government, we wanted to be present here and to express our greetings and recognition of the national and foreign journalists on this International Journalists Day. We want to reaffirm the appeal issued by the journalists' leaders. We think that the Nicaraguan journalists and the foreign correspondents in our country have an extraordinary opportunity to play an extremely important role in the possibilities of peace that have been opened for the Central American region. We want to stress that a possibility for peace has been opened. We have yet to achieve peace. The death yesterday of a comrade in Region 1, a people's news correspondent, shows the dramatic situation of our people and our revolutionary process in their objective of carrying out unilateral steps — which we are not yet obliged to undertake — to contribute to an effective peace process in the Central American region. Reagan's mercenary forces respond to the pro-peace movement's efforts with crime. This forces us to maintain a permanent attitude that might seem to be dual. On the one hand, we must remain on guard, increase our fighting capacity, and intensify our military actions to achieve peace; at the same time, we must accompany the sound of rifles with calls to peace and be ready to forgive all those who accept the amnesty movement that the FSLN has begun throughout the country."

The FSLN National Directorate member also issued a call to the national and foreign press to act with more moral responsibility and to study the significance of the Esquipulas agreements to achieve pacification in the region.

[Arce] "Journalists have an important role to play in this struggle for peace. The first thing that this current phase demands from journalists is a high sense of professional responsibility in the exercise of their profession and in the political attitude they assume at this time. Only to the extent that they responsibly study — hear me well — study the significance of the Esquipulas peace agreements, will they be able to objectively report to the Central American peoples. In this way, they will not distort the facts; they will not create false expectations; and they will not permit the manipulation of this peace effort to which the Central American presidents have committed themselves, and which has been received with so much hope by our people."

The vice coordinator of the National Directorate's executive commission also praised the Nicaraguan Government's unilateral efforts to fulfill the Esquipulas agreements.

[Arce] "[Words indistinct] the Nicaraguan Government's peace efforts so as to appreciate these unilateral efforts, so that [words indistinct] that the steps being taken are not sufficient and so more will not be demanded. These are (?steps) that have a 7 November deadline and that are required to be carried out simultaneously throughout Central America. Events are showing the reality of this political process. The only commitment that had a deadline prior to 7 November was the creation of the national reconciliation commissions in each country. Only Nicaragua has complied with this. No other country has even created the commissions. In some countries, calls have not even been issued to form these commissions. In addition to fulfilling this, Nicaragua has taken other steps. It has extended pardons to religious leaders whom our people and the international community know were propagandists of counterrevolutionary activities. They had attempted to obtain funds for deaths in our country. They have been permitted to return to the country."

Carrion Cruz on Peace Agreements

PA281410 Managua Radio Sandino in Spanish 1200 GMT 27 Aug 87

[Statements by Commander of the Revolution Luis Carrion Cruz during a meeting with unidentified Region 5 persons on 26 August in (?Ocuyalpa), Chontales—recorded]

[Text] [Carrion] If the plans to destroy the revolution had been successful, if U.S imperialism had been able to bring about a profound political crisis in Nicaragua, there would have been no Guatemala agreement. There would not even have been a meeting in Guatemala. If the above had been the case, all of the other governments would have been waiting for the moment when the revolution would collapse, and they would not have signed the Guatemala agreements. This shows that the tenacious, heroic, persistent defense of their country and their revolution carried out by the Nicaraguan people has been the cause, the factor, the key to the signing of these agreements. But there are also other reasons, such as the permanent search for peace by the revolutionary government. There are some who insist that President Ortega signed these agreements because our revolution was already so weak that it was necessary to give in to Yankee pressure and the pressure exerted by the other Central American countries. I have already explained that this is actually the other way around. In 1984, when the Contadora Group proposed for the first time what has been called the Contadora Peace Act — an agreement that contained even more commitments than the current Guatemalan agreement — Nicaragua was the Central American country that immediately expressed its willingness to sign the peace act. This has been always the attitude of the Nicaraguan Government; we have always been the vanguard of all the efforts and initiatives for peace. We were in Guatemala because that is simply what we have always...[changes thought] because we were in Panama when it was necessary to be in Panama, and we were all over, wherever any efforts were being made to reach peace.

We went to Guatemala to seek concrete results, to push for agreements that would allow us to progress in the search for peace in Nicaragua.

[Question by Enrique (Espinosa)] [Words indistinct] and we work in church activities and within the social structures of our town in Nicaragua. With all due respect, I would like to address Commander Luis Carrion Cruz and ask him the following: He says that the first steps for reconciliation are that all governments must hold a dialogue with political and rebel groups. The rebels have to accept amnesty. Then, I would like to pose a question to clarify two points: Does the Nicaraguan Government consider that the only opposition are the political groups, and that those who have taken up arms and are called the contras are a separate group; or how are they classified? The Salvadoran Government has held dialogues with the rebels there, and it will hold still another dialogue with the rebels within the next few days. Commander Luis Carrion also said the Nicaraguan Government does not have any reason to hold a dialogue with the contras. Then, why, if the Salvadoran Government is doing this within the framework of the agreement, why is it going to talk with its rebels and the Nicaraguan Government refuses to do so? This is the question, Commander Carrion.

[Carrion] I have been explaining in detail and textually about the contents of the Guatemala agreement. When we say that a dialogue will be established with unarmed political groups and with those who come under the amnesty law, we are not making something up; we are merely repeating the words of the presidents' agreement. The statements I have made here are not our statements, they are the words of the Central American presidents. They have agreed that the governments were not obliged to force the armed groups to participate in the dialogue. If the armed groups want to take part in the dialogue, they must lay down arms and take advantage of the amnesty law. That is what the five Central American presidents agreed upon.

One more thing: We are not discussing here whether an armed group belongs to the opposition or not. That is not being argued. What is being stated is that the dialogue must be held with those who respect lawfulness and show a desire to seek the peaceful way. The five Central American presidents all agreed on this matter. If Salvadoran President Napoleon Duarte wants to speak with the Salvadoran guerrillas, and the Salvadoran guerrillas agree to speak with Napoleon Duarte, that has not been a mandate of the Guatemala agreement. They are doing this themselves. They have been doing this for a long time, long before a Guatemala agreement or an Arias plan ever existed — a long time before. El Salvador's situation is quite different from Nicaragua's because the Salvadoran guerrillas' existence is not dependent upon an external flow of resources, because the Salvadoran guerrillas represent a different problem, and the situation there is different. The Salvadoran Government has been trying for a long time to hold a dialogue with the guerrillas.

In Nicaragua, the situation is different. The government has always maintained its position that it will hold no dialogue with the contras. The Central American presidents agreed in the Guatemala agreement that the Nicaraguan Government is not obligated to speak with the contras and that if the contras wish to participate in the political dialogue, they have to take advantage of the amnesty law and then join the process of dialogue, after they have laid down arms. That is the way to peace. Of course, there will be people who will say that there has to be a dialogue with the contras; otherwise, there will be no peace. But this position goes against the presidents' agreement and stalls peace efforts. This is the best thing that has happened until now, the only thing that has occurred until now. If we do not take advantage of it, there may not be another opportunity.

Peru Ships Oil To Help Relieve Shortage

PA091617 Managua Domestic Service in Spanish 0300 GMT 8 Sep 87

[Text] It has been reported from Lima that Peru has sent 34,000 barrels of oil to Nicaragua to alleviate the serious fuel shortage in that Central American country, a high-ranking official said today. Nicaraguan Vice President Sergio Ramirez Mercado on 19 August in Managua said

his country was on the verge of an energy crisis and requested international solidarity to obtain 1.6 million barrels of oil for industrial and military activities through the end of the year.

(Miguel Vergara), operations manager of Petroperu [State Petroleum Agency] said the ship Chorritos sailed yesterday from Callao with the cargo for Nicaragua. This, of course, is not a gift. It is part of the credit line Nicaragua has opened. The official said that no further oil deliveries for Nicaragua were planned.

Newspapers have reported that President Alan Garcia's government last week decided to increase Nicaragua's credit line with Peru from $10 to 20 million. In May 1986 a Nicaraguan delegation reached an agreement in Lima with Peruvian authorities to renegotiate Nicaragua's $6.5-million debt with Peru.

Soviet Envoy Promises To Support Agreement

PA091523 Managua Radio Sandino in Spanish 1200 GMT 8 Sep 87

[Text] Comrade Vadim Zagladin, special envoy of Soviet leader Mikhail Gorbachev, after meeting with Commander Daniel Ortega Saavedra said his government and people will continue to back the Nicaraguan Government and people, stressing that the USSR will contribute toward compliance with the Guatemala peace accord.

[Begin Zagladin recording in Russian with sentence-by-sentence translation into Spanish] It is a great pleasure to come to Nicaragua at the request of Comrade Gorbachev, as entrusted by the CPSU Central Committee plenum, to convey a message to President Daniel Ortega. Relations between our two countries are fraternal [words indistinct]. We highly appreciate this Sandinist organization that has made a valuable contribution to the history of world development. This contribution moves toward progress while maintaining the principles of pluralism and nonalignment, and defending itself from the enemies [words indistinct] aimed at resolving the conflicts peacefully.

Our policy is in line with the needs of the present-day world. Each people can lead and each people can choose its own way, defending its destiny. We are convinced that the peoples rights is an indispensable condition. In this connection there cannot [words indistinct] between countries that have normal relations.

Starting with feelings of solidarity and friendship, and based on Nicaragua's right to freely choose its path, our political directorate fully supports the agreements reached in Guatemala. As far as we are concerned, we are willing to contribute toward compliance with these agreements, wishing our friends success and progress in the struggle to construct and win a new life for the Nicaraguan people. [end recording]

Panama

PRD President on U.S. Law 96-70

PA091843 Panama City Domestic Service in Spanish 1730 GMT 8 Sep 87

[Report by Jose Morris Moran]

[Text] PRD [Democratic Revolutionary Party] Executive Committee President Romulo Escobar Bethancourt believes that the Panamanian Government should insist on the abrogation of U.S. Law 96-70.

Bethancourt told Radio Nacional that under the current circumstances one specific action to preserve respect for the content and spirit of the Torrijos-Carter Treaties signed 10 years ago would be to issue an official request for the U.S. Government to send a bill abrogating U.S. Law 96-70 to the U.S. Congress. That law currently violates the agreements signed between the two countries. Let us listen to Dr Bethancourt.

[Begin recording] I believe our most important and basic achievement is to have ended the existence of the Canal Zone, which was a territory under U.S. jurisdiction located at the core of our isthmus. As a result of that action we eliminated the presence of U.S. courts, police, jails, and post offices and of all those institutions that reflect a country's jurisdiction and therefore its sovereignty.

Another great achievement is the elimination of the concept of perpetuity concerning the canal and the setting of a deadline for the fulfillment of the treaty. Thanks to that deadline the U.S. civilian and military evacuation of our territory will take place on 31 December 1999. In my opinion the great achievement of the Torrijos-Carter Treaty is to have made the dream of our heroes of 1903 come true. They dreamed of a completely free, sovereign, and independent fatherland.

Regarding the treaty's effect on our economic sector, I believe the reverted areas and houses and the increase in the annual allotment given to Panama — which 1 year after the ratifying of the Torrijos-Carter Treaties was greater than that of any year since the construction of the Panama Canal — have had an effect on our economic situation. In the labor field, the number of Panamanian workers in the canal area and canal activities increased. Those are the positive results of the treaties.

The negative aspects reside in the fact that the United States has always refused to abide by the treaties. That is why the U.S. Congress created U.S. Law 96-70. Through that law the United States violates and nullifies the spirit in which the Panama Canal Commission was created. That law gives power to the U.S. President and his Defense Department over that commission.

The United States is evading its duty to increase the number of Panamanian employees at the Panama Canal Commission, especially of top-level officials, by inventing requirements or provisions that only U.S. citizens

can meet. The United States is also abusing diplomatic privileges and extensions. It is making sumptuous and extravagant expenditures so that canal money ends up at the U.S. Treasury or is spent on U.S. citizens who work for the Panama Canal or in the U.S. Army stationed in Panama.

That is the negative aspect concerning the canal issues, and I believe the duty of Panamanians is to struggle against the validity of U.S. Law 96-70, to criticize it locally and abroad as we have been doing. [end recording]

Concerning specific actions the Panamanian Government must carry out between now and the year 2000 to ensure the fulfillment of the Torrijos-Carter Treaty, Bethancourt said:

[Begin recording] We must present an official document to the U.S. Government requesting the presentation of a bill abrogating U.S.law 96-70 to the U.S. Congress. [end recording]

Banking Commission Issues Communique

PA062230 Panama City CRITICA in Spanish 4 Sep 87 pp 1, 21

[Press communique released on 3 Sep to the national and international news media by the National Banking Commission, CBN]

[Text] Report on the activities of the banking center and system as of the 3d quarter of 1987:

The banking operations conducted in the National Banking System and International Banking Center show that between 1 July and 15 August, there has been a decrease in both foreign and local assets as a result of a decrease in deposits. In fact, there have been transfers abroad of local and foreign deposits. These actions may be explained by a destabilization campaign against the Panamanian banking and its financial system, as President Eric Arturo Delvalle stated in the speech he delivered to the Legislative Assembly on 1 September during the opening of the fourth Legislative Assembly sessions, a time in which the president gives his annual report on his administration.

The destabilization campaign based on false rumors about alleged government measures to change the banking and monetary system is part of a series of actions carried out by the political opposition in Panama and abroad, mainly in the United States.

In the 7-week period, the balance of local deposits of private individuals in Panamanian banks decreased by approximately $350 million, from $3.179 billion to $2.818 billion [figures as published], which were transferred abroad. A large part of the transferrals was made to branches of the same bank abroad. This decrease is an approximately 11-percent reduction of the balance of the deposits as of 27 June 1987.

It is believed that a significant portion of the amount withdrawn represented large private deposits of people who have intentionally acted in accordance with the purposes and objectives of the financial destabilization campaign. Other depositors have followed the same practice because of the uncertainty that false rumors and news reports create.

However, President Delvalle categorically stated that the national government will continue to protect the present form and structure of the National Banking System and the International Banking Center, fully maintaining the rules of the game and conditions that have always prevailed in Panama. "There will not be paper money; deposits will not be frozen; and banks will not be nationalized," President Delvalle said emphatically and categorically.

Prior to this the CBN — composed of private and government bankers and of representatives from the public and private sector — the highest authority in banking matters in Panama, had categorically denied reports about alleged government measures mentioned by the destabilizing propaganda.

During the period ending 15 August, the number of private (nonbanking) foreign deposits transferred abroad was approximately $700 million, a little under 10 percent of the 30 June balance. This was caused by the reaction of foreign depositors to the dispatches and wave of destabilizing rumors spread by the political opposition regarding the alleged issuing of paper money, freezing of deposits, and nationalization of banks — all of which has been denied by the national government and President Delvalle himself in his speech to the Legislative Assembly.

The weekly analysis of deposit operations shows that the largest weekly withdrawals have occurred at the same time that new reports and false rumors have been circulating concerning alleged official and imminent measures. Indeed, the largest daily banking account withdrawals, approximately $71 million, occurred when a document about the alleged issuance of national paper money was circulating. During the following week, the amount of withdrawals dropped by 50 percent; that is, $35 million. During other weeks, increases in withdrawals also occurred when anonymous leaflets and rumors from the opposition were spread regarding the alleged freezing of deposits and nationalization of banks. It has also been observed that the second highest amount of daily withdrawals, $65 million, occurred during the same week the private sector held a strike. However, during the preceding week, right after the opposition's rally, withdrawals ammounted to approximately $40 million.

The high liquidity that the banks in the system traditionally have had, especially before the 3d quarter, has been reduced because of the withdrawal of local deposits. This liquidity has always permitted the system to run its operations in a comfortable and expedient manner. Nevertheless, it has been necessary and wise to restrict and in some cases to suspend the approval of local credits, including disbursements of approved credits,

which has affected the development of other sectors of the economy. After the statements by the government, the CBN, and various qualified members of the banking and professional sectors disclosing the falseness of the reports by the mentioned campaign, the rate of reduction of local deposits dropped during the last 2 weeks — to $35 million and $17 million, respectively. The official and the private banking sectors, individually and collectively, have agreed to maintain the necessary bank liquidity and to meet their obligations. This has been possible basically because of the excellent solvency of the banking system, which is proven by the excellent portfolio of local loans and is the result of the confidence of foreign banks in financing these operations.

The CBN maintains close, permanent, and continuous vigilance and supervision of the daily operations in each bank of the national system, which allows detection beforehand of any sign of alarm and daily evaluations of the situation. The foreign operations continue regularly and normally, despite the drop in foreign deposits. Moreover, as is well known, the majority of the foreign operations in Panama are registration operations, and the banks involved in this are all foreign banks, most of them branches of prestigious and solid international banks. The situation of these banks is normal, and their liquidity and solvency are completely satisfactory.

The statement by President Delvalle during his speech at the National Assembly — stating that immature Panamanians without nationalism are carrying out ignoble actions in the United States and against Panama to destabilize the banking and financial center in Panama — has been confirmed by the declarations in Washington by a politician from the Panamanian political opposition, who is the director of *La Prensa* and who urged the continued destabilization campaign as an expression of the political struggle against the goverment. "The only effective pressure (against the government) is the banks' pressure," this opposition member said in Washington.

In view of this campaign to destabilize the banking center, which has been reported and confirmed, the national government, as it has been doing since the creation of the banking center in 1970, has intensified and reiterated its commitment, determination, and efforts to preserve, protect, and guarantee the existence of the national banking system and the international banking center.

This was manifested by President Delvalle in his speech, when he emphatically stated that "the national government respects, protects, and supports the national banking center and the international banking center operating in Panama so the banks may carry out their operations in total calmness, as usual.

Banking Official Rejects 'Forged' Letter

PA081323 Panama City Telemetro Television in Spanish 2300 GMT 7 Sep 87

[Text] The National Banking Commission, through Mario De Diego, its executive secretary, this afternoon denied reports that appeared in a letter allegedly signed by him. According to this letter, several of this country's banks are facing liquidity problems. He said the letter has criminal intentions that amount to crimes against the country's economic security and that, for this reason, he will report this to the attorney general to establish the responsibility of those who only seek to destabilize the country's banking center.

He reiterated that the Panamanian banking system has liquidity and solvency to meet existing demands.

[Begin De Diego recording] The letter I am referring to, which is a forged letter, again refers to one of the actions that the National Banking Commission denied in a previous communique. In addition, the president of the Republic not only denied it in his message to the Legislative Assembly, but categorically denied it by stressing that we will never issue paper money, freeze deposits, or nationalize banks in this country.

The letter irresponsibly refers to a number of banks that are supposedly on the verge of suspending operations. This is an attack on the security of these banks and all the people who deal with them. Consequently, this is an attack on the whole economy.

There are some facts that are basic to proving the false nature of this letter. For example, it was typed on paper with a letterhead we stopped using years ago. This can be proven just by looking at the telephone numbers of an office that we stopped using more than 5 years ago. In addition, this letterhead shows a telex number that we also stopped using more than 5 years ago.

In this letter there is a big mistake that insults one's intelligence and basic knowledge as a public employee: The president's last name is mispelled. They used two words for it instead of one, which is the correct rendering.

In addition to the banks that are supposed to close, the letter mentions savings and loan associations that are not under our jurisdiction. Therefore, we would never mention them in any of our letters. This is obvious. [end recording]

Banking Official on Financial Situation

PA092128 Panama City CRITICA in Spanish 9 Sep 87 pp 1, 16

[Unattributed article]

[Text] Mario De Diego, executive director of the National Banking Commission (CBN), said yesterday that the political activities and the U.S. interventionist policy in the Panamanian banking system is not new and has been taking place for more than 1 year.

After presenting a report on the current situation at the International Financial Center operating in Panama, De Diego confirmed that the effect of the actions against the country's financial institutions will cause a further deterioration in the economic, labor, and social conditions — rather than in the political sector.

After giving a briefing on the growth of the Panamanian banking system and the recovery that had begun after facing the impact of the Latin American crisis generated by the foreign debt, the CBN executive director confirmed the withdrawal of about $350 million from local deposits, and the withdrawal of approximately $500 to $700 million from international accounts.

De Diego maintained that paradoxically, the local deposits sent out of the country are now in the United States, helping to cover the U.S. financial deficit.

The CBN executive director blamed the country's private sector for the lack of progress in national development, and said that the government will try to convince people to return to the Panamanian financial system the funds sent abroad.

The statement by the CBN executive director was made during his lecture entitled "Views on the Panamanian Banking System," prepared for experts, division directors, and technical personnel of the Foreign Ministry.

This event is part of the conference organized by the Foreign Ministry's general directorate of foreign policy, on various aspects of the national and international situation, and their impact on the implementation of Panamanian foreign policy.

Crusade's Economic 'Terrorism' Criticized
PA092314 Panama City Domestic Service in Spanish 1730 GMT 9 Sep 87

[Station commentary]

[Text] The National Banking Commission's executive director has denounced what he regards as the economic and moral terrorism by the Civic Crusade, which has issued an unsigned docment stating that several local banks have had massive withdrawals of deposits.

The ploy of issuing phoney documents has been introduced in the country's political life by opposition sectors, which wish to create unrest to serve their evil objectives.

This type of document has been circulating in recent weeks. They distort events and situations, giving everything a nuance of cheap gossip. However, the document referring to the internal situation of the nation's banking system has terrorist dimensions, because it directly attacks one of the cornerstones of Panama's economic structure: the banking center.

It is economic terrorism, because the forged official documents maliciously assert that there is an outflow of money right now from local banks as a result of the political situation that Panama has been facing in recent months. As the government itself has acknowledged, the destabilization efforts of the Civic Crusade have negatively affected the Panamanian economy; however, as independent economists have acknowledged, the situation is not as critical as some want us to believe.

The unsigned document alleging massive withdrawals of deposits is intended to make the liquidity of the local banks appear catastrophic. Its objective is to sow panic in Panama City's financial community.

A terrorist act of this nature is no less criminal than a bomb, because both have the same goals: to create terror, spread fear, promote unrest, and fuel confusion.

An act of this nature is also terrorist in moral terms because it is aimed at undermining the trust common citizens — workers, employees, and small businessmen — have always had in the security that the nation's banks have always given them.

An act of this nature should receive punishment corresponding to the damage intended, and the authorities should act immediately before this type of action becomes a precedent with unimaginable consequences.

There is no room for tolerance, because this is no simple joke or innocent lie circulated by office-guerrillas. This is a political act — and this can be demonstrated — aimed at confusing the people by creating chaos in matters vital to the people's interest, such as economic security.

The Civic Crusade not only wants to harm Panama's international financial center, it also wants to destroy the trust that Panamanians have traditionally had in the banking system, which is an essential part of our national economic life.

This, like all other Crusade actions, has exposed the Panamanian opposition for what it really is: crazy, and fanatically and stubbornly set on destroying the country to gain power, whether or not only ashes are left.

The only thing is — and they have been told this many times — they will go nowhere, but it seems they do not understand this.

Argentina

UIA President Criticizes Government

PY100224 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0015 GMT 10 Sep 87

[Text] Buenos Aires, 9 Sep (NA) — Argentine Industrial Union (UIA) President Eduardo de la Fuente tonight urged the government to seek a "social agreement" which is necessary "now more than ever before" in order to "overcome stagnation and strengthen the nation." De la Fuente also asked the business sector to be "self-critical, broadminded enough to accept the criticism from others," and "to demand no more than what we ourselves are willing to contribute."

De la Fuente firmly said "in order to grow, the nation's industry needs political-institutional and macroeconomic stability, a need which is shared by the entire society." He also expressed some doubts about the suitability of calling for "hard work and dedication" because "the circumstances are not appropriate." These remarks were part of the speech De la Fuente made tonight at the ceremony marking the 100th anniversary of the UIA. President Raul Alfonsin, Cabinet ministers, federal and provincial government officials, and industrialists attended this ceremony.

At the beginning of his speech De la Fuente said: "We are not prepared to give up our right to be heard and, bearing in mind the Argentina we could have, we remain willing to engage in honest dialogue, and to seek common objectives, policies, and measures, in the quest for a social agreement that is necessary now more than ever before." He went on to lament "the inability or unwillingness to properly assess the significant role that private enterprises play in fueling technological changes and opening new opportunities for men." He added that this situation "constitutes one of the most serious problems" not only for the industrial sector "but for Argentina as a whole." De la Fuente stressed that "in fact, we have been going through a sort of daily plebiscite on the permanent changes in the rules of the game," and indicated that "Argentina's permanent interests stand above and beyond passing circumstances."

De la Fuente made it clear that "when [words indistinct] are changed constantly the message [words indistinct] and we really do not know which way we want to go," adding "and if we do not know where we want to go, we will not have the basis for making decisions, nor sufficient motivation to arouse our enthusiasm, much less the ability to spread this enthusiasm to our fellow citizens." He went on to emphasize the need for "a project capable of making the changes that would give rise to unselfish efforts and of strengthening the nation," and urged the business sector to be "self-critical" in order to "change certain attitudes and approaches." He said: "Whenever we utter criticisms we should be aware that our actions or lack of them contribute to the problem and this applies to all the nation's sectors ."

De la Fuente acknowledged that "we industrialists are frequently accused of being inefficient because we are always asking for a suitable amount of protection and for consistency in the policies aimed at improving our exporting capacity. We are willing to assume our share of responsibility in this matter." However, he pointed out that "the industrialists have control over only a fraction of the costs," adding that "the rest is controlled by external factors, which is one way to have influence on any business project." According to De la Fuente "this sector is further burdened by many regulations and complex ties with public administration and by heavy state expenditures coupled with bad allocation of resources." He also complained about the "excessive cost of financing operations, the tax policy which does not encourage investments, the heavy contributions to social security, the marked changes in relative prices, the recurrent declines of demand which mean idleness for the factories and increases of fixed costs."

After criticizing the "unwieldy labor structures overcomplicated by too many regulations which turn labor lawsuits into a profitable profession," De la Fuente said "for the benefit of workers organizations and for the sake of our relations with them and with the workers, we want labor laws capable of taking into account the in-depth changes that have taken place in the industrial patterns and the dynamic role that production and productivity must play in revitalizing Argentine society."

Further on, the UIA president emphasized that industry means "investments in fixed assets, productive jobs, and technological development," stressing that "if this is what we want, we must be willing to pay the cost of changing our approach to many issues." He said the UIA is proposing a new industrial strategy "based on sustained domestic demand and a radical change in export policy" because according to him, "it would be utopian to believe the national industry would be able to endure alone and without any support the competition of the international market, where dumping [preceding word in English] [words indistinct] prevail [words indistinct] must take into account the circumstances prevailing in our country, our industrial expertise, our manpower and natural resources, but without disregarding the international situation and its stark realities."

Alfonsin Responds

PY100324 Buenos Aires Argentina Televisora Color Network in Spanish 0005 GMT 10 Sep 87

[Speech by President Raul Alfonsin at the Argentine Industrial Union, UIA, annual dinner held at the Argentine Rural Association Heaquarters 9 September in Buenos Aires — recorded]

[Text] Mr President of the Surpeme Court; Mr President of the UIA; members of its Coordinating Board: I came here with a written speech about industry and the future, about the development of our country, including Patagonia; about Latin American integration, especially with Uruguay and Brazil, which has been carried out with the help of the Argentine industrial sector. I came here to express my gratitude to everyone for the efforts made to

develop our industries, at times under difficult circumstances; I wanted to stress my gratitude to those who are doing something for the fatherland in the most distant places by developing their companies with much effort. But remarks made by the president of the UIA have led me to set aside my notes and make some reflections, not to reply to his speech but with the mere purpose of considering some points.

First of all,I want you to know this is not going to be a burdensome speech, and I have not been personally affected by the UIA president's remarks regarding the policy we have implemented. He knows I hold him in high regard. What I have to say is based on the respect I have not only for each of the UIA members but also for the UIA as an institution. I want to confess that while listening to some paragraphs of his speech, I had the impression I was listening to an election campaign speech like those I used to listen to on television. Those speeches annoyed me because I could not reply. But here I can reply. [applause]

That speech also reminded me of an angry students meeting, but I had to remind myself that I am the president and am here as a guest of honor. I also had to remember that my status as president was evident because of the warm welcome I received here. In fact, I think the country would have been on the verge of collapse if our industrial leaders had really been overwhelmed by dispair and disappointment due to lack of set objectives and consistent policies.

I think each of the Argentine industrialists are well aware of the Argentine industrial policy because we have repeated it so many times. They know perfectly well that it is based on expansion of exports; investments to increase exports; deregulation; industrial competitiveness; a rational industrial promotion system, both in the regional and sectorial sectors; and the consequent sale and privatization of state-owned enterprises. These are our objectives, and no one should be unaware of them. I also think it is true that there has been some destabilization, as the UIA president said, and this destabilization has been accompanied by instability. However, this has been overcome.

It is probably true that the private sector and the businessmen's role was not taken into account as quickly as they should have been. This has also been overcome. Today they are taken into account. I believe, therefore, that we now have a country that has changed these basic aspects, and that the Argentine people now acknowledge the importance of the national business sector. Allow me to say that the president of the nation had something to do with this. Moreover, a reference was made to the mass education system. Mr President, neither you, the son of an immigrant who came to the country with a bundle tied to his shoulder, nor I, the grandson of another almost illiterate immigrant, would be playing our roles if we did not support a mass education system in Argentina. [applause]

Of course it is difficult to overcome an elitist education system and give a basic education to all. It is usually easier to reject something instead of making efforts to achieve it. We believe the Argentine education system is an advantage we have and, consequently, we must all try to improve it. It was also said that our education should improve as production increases. I absolutely agree with that, and do not think any previous government has done more on education than the current government. All CONICET [National Council for Scientific and Technological Research] members are working to combine science and technology with production. [applause] This is one of our main objectives.

The small- and medium-sized industries were also mentioned. These industries are also of great interest and must be taken into account. I believe in this field we can show important development. Almost $700 million will be placed at the service of the medium- and small-sized industrial sector. Undoubtedly Mr President, you are aware that the Italian credit for $270 million, which basically seeks to benefit the agroindustrial sector, and industries located in Patagonia and other regions of the country, is already being implemented. Last week we signed an agreement with Spain for $50 million; in the last few days we also finished negotiations on an agreement with the World Bank through which I believe we will get $125 million while Argentina will provide matching funds totaling $75 million. Moreover, the Argentine Government will place 200 million australes at the disposal of the small- and medium-sized industrial sector to be used as working capital, and the UIA is well-aware of this because it and other organizations advised the government in these negotiations in response to a government request. The interest rates are indeed high, but so far no one has shown me how to lower them in the short term. Yes, it is true there is a proposal to do this, but I believe this proposal would lead to immediate chaos. It is our goal to lower interest rates, and indeed it is our main objective, but it would be absolutely unfair to say the government's policy is based on a monetary policy or that it is promoting a monetary policy. Quite the contraty, we want to promote national production.

Of course we are quite surprised that the UIA president's speech did not give much importance to the current crisis. It is deceitful and a fantasy to say the difficulties we are facing in the economic sector, particularly in the industrial sector, are the result of the government's ill-will, short-sightedness, or lack of consideration, and to ignore the crisis we are experiencing, the foreign debt, and the fall of international prices. These two things must jointly be taken into account. If right now the prices of our products were the same as they were in 1980, which is not so long ago, our trade balance would have a $5-billion surplus. This would allow us to pay the interest rates we had agreed to pay the creditor banks, that is, $2 billion. This means we would have $3 billion to invest or to use for cheaper credits. Moreover, we are also witnessing how LIBOR [London Interbank Offered Rate] rates are increasing. So far this year, the LIBOR rate has increased almost 2 points. To be more exact it

has increased by 1.8 percent and yesterday it increased again. Yes, I believe it is 1.8 percent. This is equivalent to paying an aditional $700 million per year. This is also a responsibility that is shared by all sectors.

Last night, the economy minister, the foreign minister, and I decided to immediately launch a campaign to defend the interests of the Argentine people, that is, to persistently seek an unprecedented freeze on interest rates. Another purpose we have in doing this is to prevent creditor banks from being indifferent to the need to granti credits to debtor countries. We shall not allow the World Bank to stop striving to achieve the important goals for which it was established, such as to promote development, eradicate poverty, and develop infrastructure. Moreover, we shall not allow the IMF to continue to enforce ridiculous measures that do not meet the needs of people or to cease carrying out its role of helping to resolve serious economic problems, such as those concerning the balance of payments. In addition, the IMF must change its behavior. Agreements cannot be tied to anachronistic and ancient positions which instead of promoting the development of nations, leads to stagnation.

I believe this is the aspiration of the Argentine people who do not want to fall into the abyss. The Argentine people want a government that will defend their interests; a government that in keeping with the prestige Argentine democracy enjoys will go before international forums and tell this truth to the world. Moreover, we have the moral authority to proclaim it because this government did not wait until after the elections to increase rates. It did so when it thought it was necessary for the nation's economy, and disregarded the political cost it would entail because this government serves the nation. [applause]

I do not wish to continue analyzing in such a disorderly manner the interesting things we have just heard. I simply would like to tell everyone here that we have just gone through an election and I will absolutely respect the people's will. I will strive to interpret their wishes to the best of my ability. I will take all the necessary actions that will allow us to have a better Argentine society, one that will live in harmony and peaceful coexistence. If we had a different constitution, we would have had a simple solution, but this is not the case. Therefore, we shall go forward and continue to make the necessary efforts. We lost the elections, and although it is true that a fallen man is everybody's prey, we have not fallen yet. Thank you very much. [applause, cheers].

Deputy Calls For Jaunarena's Resignation

PY100245 Buenos Aires DYN in Spanish
1956 GMT 8 Sep 87

[Text] Buenos Aires, 8 Sep (DYN) — Jose Manzano, speaker for the bloc of the Renewal Faction of the Peronist Party in the Chamber of Deputies today requested the resignation of Defense Minister Horacio Jaunarena, because according to him the latest elections were, among other things, "a plebiscite against the military policy of the Alfonsin government."

Manzano issued a brief press release — his first to be disseminated in Congress since the elections of 6 September — stating that Minister Jaunarena should have already submitted his irrevocable resignation as an act of humility."

The press release states that the elections were "a plebiscite against the military policy of the Alfonsin administration," which the bloc of the Renewal Faction of the Peronist Party has been criticizing for a long time, a policy that has prompted many congressional requests for official reports and many congressional debates.

In his onslaught against the military policy, Manzano reiterated the Peronist Renewal Faction's demand that military reform and the return of the Armed Forces to the fold of the people "should be conducted through the National Congress, in keeping with the Constitution." He concluded by warning against the "behind-the-scenes deals" made by "members of the Defense Ministry clique," whom Manzano did not identify. He feels these deals imply "a self-reform or, worse, an independent military counter-reform outside democratic channels."

Manzano, deputy for Mendoza Province, sent his press release to the congressional press room through one of his closest aides.

No Immediate Changes Expected

PY091919 Buenos Aires Domestic Service in Spanish
1600 GMT 9 Sep 87

[Excerpts] The possibility of a cabinet reshuffle is not yet clear. Today's dailies reported that President Alfonsin continues to evaluate possible changes and that yesterday he held meetings with leaders of the Radical Civic Union. [passage omitted] *LA RAZON* comments on a statement made by a presidential spokesman who said cabinet changes will not be made immediately. [passage omitted]

We learned this morning that the financial market is returning to normal and the parallel dollar exchange rate did not suffer any changes. We will confirm this from Miguel Angel Rouco who is at the Economy Ministry. He can probably give us some information on possible changes in that ministry. Let us listen to Miguel Angel.

[Begin recording] According to latest reports, Economy Minister Juan Sourrouille will be confirmed in his post, therefore, there is no chance of a change in the economic policy, at least not substantial changes. I just learned that if Sourrouille is confirmed some economic measures will be implemented in the provinces to bring back to life that business sector which would enhance the development of productive investments. This report made an impact in the local financial market and this is why the parallel dollar market opened this morning without any changes in relation to yesterday. [passage omitted] [end recording]

Troccoli Says Alfonsin Will Adopt New Policies

PY092223 Buenos Aires TELAM in Spanish 1751 GMT 9 Sep 87

[Text] Buenos Aires, 8 Sep (TELAM) — Interior Minister Antonio Troccoli said President Raul Alfonsin early next week will finish studying the changes he will make in his administration in view of the electoral returns. He said Alfonsin will make these readjustments because he is a strong and decisive politician.

Troccoli said the results of last Sunday's elections show that certain policies must be corrected and a reorganization is needed. He emphasized that all members of the government have assumed responsibility for the results of the elections, and President Alfonsin will determine the extent of this reorganization.

The interior minister said President Alfonsin is studying the modificiations to be implemented, and added: "Although we are all assisting him," the final decisions are entirely up to him.

Troccoli said the reorganization refers not only to correcting and readjusting certian policies but also to replacing certain people, thus renewing the government and preparing it to fulfill its commitments over the remaining 2 years.

Asked to comment on rumors that he might be appointed to replace Economy Minister Juan Sourrouille, Troccoli said they are groundless.

Minister Troccoli also said the remaining 2 years will be more difficult than the previous ones, and President Alfonsin will make the system more workable.

The interior minister made these comments at the Nuestra Senora de la Piedad church after attending a memorial mass recalling the 6th anniversary of the death of Ricardo Balbin, former UCR [Radical Civic Union] president.

Commenting on the UCR's defeat in the recent elections, Troccoli said the Argentine people have shown their dissatisfaction with certain government policies because they have been incorrectly implemented or poorly explained.

Tucuman Police End Salary Protest

PY080115 Buenos Aires BUENOS AIRES HERALD in English 7 Sep 87 p 7

[Text] (NA-DYN) Tucuman — Some 250 policemen occupying the provincial police headquarters since Friday night to protest the mechanism of the payment of wage arrear claims temporarily called off their protest late Saturday night after being warned they would be under military jurisdiction during yesterday's elections.

The rebels, who had rejected provincial government bonds as the means of paying a wage increase owed them for more than a year, said they would suspend their protest until tomorrow after being told of the dire consequences which could befall them if they continued the rebellion while under military jurisdiction.

Earlier on Saturday another 50 rebels gave up their protest after a first warning to that effect and after being told by Federal Electoral Judge Jorge Parachi that the law banned concentrations of uniformed men on the eve of an election. The rebels, however, did not strike during their protest action but carried out their duties normally, only returning to police headquarters when they were off duty.

The rebellion started on Friday night with a march on provincial government house by 50 policemen to protest their salery and express support for General Antonio Bussi, who was governor of the province during the former military regime.

Following the march, some 200 members of the force took over their headquarters and on Saturday morning, were joined by another 100. It was the second such revolt by Tucuman police in a little over two years.

Brazil

Sarney Appoints Minister To Replace Freire

PY100001 Brasilia Domestic Service in Portuguese 2200 GMT 9 Sep 87

[Text] President Jose Sarney today signed a decree declaring a 3-day official mourning in the entire national territory for the death of Minister Marcos Freire, his entourage, and the Brazilian Air Force crew.

President Sarney also appointed Agriculture Minister Iris Rezende acting minister of agrarian reform and development.

Air Force Ministry Issues Note on Accident

PY100153 Brasilia Domestic Service in Portuguese 2200 GMT 9 Sep 87

[Text] The Air Force Ministry Center of Social Communication has released a note on the plane accident that killed Minister Marcos Freire and eight other people. The note states that the eight bodies have already been recovered and identified.

The note also states that the Brazilian Air Force HS plane lost altitude after taking off, and its right wing hit a tree before it crashed. Thus, the possibility that the plane exploded in the air is entirely rejected, although witnesses said it did explode in the air.

The note concluded by saying Air Force Ministry officials have already asked the British Airspace Company, which manufactured the plane, to help investigate the cause of the accident.

Parliamentary System Considered in 2d Draft

PY091500 Rio de Janeiro O GLOBO in Portuguese 8 Sep 87 p 1

[Text] Civilian Household Minister Ronaldo Costa Couto yesterday said President Jose Sarney has reacted negatively to the proposal of gradually establishing a

parliamentary government system with a 6-year presidential term. Sarney prefers the presidential government system with a 5-year presidential term. Meanwhile, Sao Paulo Senator Fernando Henrique Cardoso, Brazilian Popular Movement Party, PMDB, leader in the Senate, has reported on the government system proposed by Deputy Bernardo Cabral, head of the National Constituent Assembly Systematization Committee, in his second constitutional draft, which has been prepared in case agreement is not reached. The amendment proposed by Senator Nelson Carneiro (PMDB-Rio de Janeiro) proposes a parliamentarian system with greater power for the president. Nelson Carneiro is already seeking support for his amendment.

CNEN Official Speaks on Nuclear Program

PY081247 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Sep 87 p A4

[By Dalton Moreira]

[Text] Following the announcement by President Jose Sarney on 4 September that Brazil has mastered the complete uranium enrichment cycle, Rex Alves Nazareth, president of the National Commission for Nuclear Energy (CNEN) granted an exclusive interview to *FOLHA DE SAO PAULO* at 1830 at the Brasilian airport. There he commented on the possibility Brazil may suffer a reprisal at the international level. "I react to that kind of thing," he said.

Rex Nazareth also said Brazil and Argentina are developing a binational nuclear program, exchanging technological information and using each other's industrial complexes. He said Argentina spends nearly $1 billion per year on its nuclear program, while Brazil only spends 40 billion cruzados. The following are the main parts of the interview granted by Rex Nazareth.

FOLHA: Do you expect international reprisals now that Brazil has mastered the complete uranium enrichment cycle?

Nazareth: If international reprisals are made I will not remain still. I am the kind of person who reacts to such things.

FOLHA: What can you tell us about a possible nuclear agreement between Brazil and Argentina?

Nazareth: There is no agreement between Argentina and Brazil for the supply of enriched uranium. Nuclebras is studying the possibility of supplying Argentina with 0.85 percent enriched uranium, however, the company still has to finish building its units, besides concluding the feasability study on which Argentines and Brazilians are working together.

FOLHA: What has been decided?

Nazareth: Many things. We have complementation programs in the field of nuclear electronics and detectors [detetores e electronica nuclear], fuel development for research reactors, radioactive guides [regentes radioativos], fast reactors, and complementation in the field of nuclear materials.

FOLHA: The Argentines managed to enrich uranium in 1983, therefore they are far more developed than Brazil. What can Brazil offer in exchange for technical information in this field?

Nazareth: There are two important facts. The Argentine nuclear program has been continuously developed since 1952, while the Brazilian autonomous nuclear program recently started. This means that since we have a much stronger industrial complex we have managed to go much faster. There is complementation, for example they build nuclear detectors [detetores nucleares] which we do not have, and we build things they do not. Given this cooperation, the two countries will have to invest less in certain fields because we will have an exchange. For example, within its autonomous development area, Argentina invests $1 billion per year. The Brazilian program, without including its nuclear plants, does not reach 30 or 40 million cruzados per year.

FOLHA: At what stage of development is the Brazilian parallel nuclear program?

Nazareth: We have already mastered the fuel cycle technology, and today we announced that we have enriched uranium, not at laboratory level, but at a level that will allow us to start building an industrial unit.

FOLHA: For building an atomic warhead, to what percentage does the uranium have to be enriched? What are the Brazilian objectives in this field?

Nazareth: Uranium must be enriched to 95 percent for the construction of a nuclear warhead. Brazil will enrich uranium up to 20 percent to conform with constitutional provisions, that is, our nuclear program is for peaceful means and with congressional approval. Brazil is a pacifist country and therefore it has no need for that sort of thing. Today we can defend at international forums our traditional position of overall disarmament, not only of countries that lack nuclear weapons. Since Brazil now masters the nuclear cycle, we can say we will not build nuclear weapons because we do not want to. This has been an autonomous decision of the Brazilian people and not the result of an international imposition.

FOLHA: There are several techniques required to obtain enriched uranium. The Advanced Studies Institute (IEAV), an organization under the Aerospace Technology Center (CTA), which is linked to the Aeronautics Ministry, has its own research program. What do you have to say about this?

Nazareth: The entire nuclear program is a single program coordinated by the government. There is but one single objective. Regarding the Air Force, I can say the following: We do not announce promises, we announce results. That is important.

Nuclebras Views Methods

PY081310 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Sep 87 p 5

[Excerpts] President Jose Sarney's announcement that Brazil has attained the capability to enrich uranium under the nuclear parallel program "fell like a bomb on Nuclebras," according to a puzzled manager in that enterprise. All Nuclebras managers met for an entire day to discuss what to do with the other uranium enrichment method, which was patented by the FRG but for years has been in the experimental stage in Brazil without overcoming technological barriers.

The method Nuclebras is developing with its German partner is the jet-nozzle method of enriching uranium on an industrial scale, for which $350 million has already been invested in industrial installations at the Resende Nuclear Complex. This work will demand another $40 million through the end of this year and $750 million after 1980 until the industrial demonstration stage is attained. All these investments will be necessary to obtain 32-percent enrichment, which is necessary for the manufacture of fuel elements for the Brazilian nuclear plants.

The CNEN [National Nuclear Energy Commission] industrial scale plant to be installed at Ipero to enrich uranium by ultracentrifuge method will not require a smaller investment. [passage omitted]

The main question now is whether Brazil, a poor country going through a serious economic crisis, will have sufficient resources to go ahead with two programs for enriching uranium, a feat that no rich country has attempted. Does the announcement by President Sarney represent an option that will end the Nuclebras program and the entire FRG-Brazilian program? This was the Nuclebras directors main concern yesterday. [passage omitted]

Nuclebras would have to face alone all the difficulties that are yet to be overcome to bring the jet-nozzle method to industrial-scale utilization because its German partner does not want to participate in the industrial demonstration program and it has already let Brazil know if it wants to continue, "it can do so at its own expense and risk." If all the problems can be overcome, the jet-nozzle process would be enriching uranium by 2.5 percent by the year 1995, according to Nuclebras' most optimistic projections. [passage omitted]

Chile

Officer's Abductors Demand $2 Million Ransom

PY092329 Santiago Domestic Service in Spanish 2306 GMT 9 Sep 87

[Excerpt] There is a tense atmosphere in the residence located at 8239k Simon Bolivar Street in La Reina district, where the wife, children, parents, brother, and other relatives of Lieutenant Colonel Carlos Carreno Barrera are anxiously awaiting another call from Carreno's abductors. A few hours earlier, the abductors contacted Carreno's family to make tough demands to release him safe and sound.

Although there has been no official report, it has been learned from investigative sources that the kidnappers made two demands: $2 million in cash and the release of two men who are now facing charges in connection with the attack on President Pinochet on 7 September 1986. [passage omitted]

Government Not To Negotiate

PY100137 Santiago Domestic Service in Spanish 2308 GMT 9 Sep 87

[Excerpt] Attorney General Ambrosio Rodriguez said the government will not negotiate with the extremists who are holding Lieutenant Colonel Carlos Carreno Barrera hostage.

Rodriguez made these remarks upon leaving Carreno's residence after conveying his solidarity to the Carreno family. [passage omitted]

Family Issues Communique

PY091923 Santiago Domestic Service in Spanish 1700 GMT 9 Sep 87

[Text] The family of kidnapped Lieutenant Colonel Carlos Carreno a few minutes ago released a communique stating that the Manuel Rodriguez Patriotic Front [FPMR] organization has made a number of demands that must be met today before 1700.

It is impossible to meet the terms of the demands within the deadline. We are asking the FPMR to reconsider its demands and give us a new deadline. We await another call, concluded the family of kidnapped Lieutenant Colonel Carlos Carreno.

Suspects Arrested

PY091909 Santiago Domestic Service in Spanish 1700 GMT 9 Sep 87

[Text] Ad hoc military prosecutor Fernando Torres Silva reported that two people have been arrested during raids conducted over the past few hours to locate kidnapped Army Lieutenant Colonel Carlos Carreno Barrera.

Torres Silva said the detainees are reportedly involved in the kidnapping of the officer, which occurred on 1 September. Torres also said that today he would meet with investigative police director (Fernando Varel) to discuss the kidnapped colonel's case.

Schnake Back in Chile, Returns to Santiago

PY100351 Santiago Radio Chilena Network in Spanish 2300 GMT 9 Sep 87

[Excerpt] Socialist Party Secretary General Ricardo Nunez has reported that former Socialist Senator Erich Schanke is already in Chilean territory. Schnake entered

Chilean territory through the Puyehue Pass, from where he will go to Puerto Montt. Once there, he is scheduled to board a LADECO flight tomorrow at 1335, which will bring him to Santiago, where he is scheduled to arrive at 1500. [passage omitted]

Admiral Merino on Armed Forces Role, Schnake

PY090323 Santiago Radio Chilena Network in Spanish 2300 GMT 8 Sep 87

[Text] Admiral Jose Toribio Merino said the task of the Armed Forces is to safeguard the country's security at the domestic and international level, but the nation's political leadership is not their responsibility.

The government Junta member made this statement at the conclusion of today's Junta meeting when was asked about the 14th anniversary of military government.

[Begin Merino recording] All we have achieved since 11 September 1973 is due to the Armed Forces' responsibility of safeguarding order and security at the international and domestic level; at the international level in case of a threat of war, and at the domestic level to safeguard order.

After 14 years in government, the country is well-aware of the progress the Armed Forces have achieved in its administration. However, it is obvious our main task concerns security at the domestic and international level and not the political leadership of the nation. [end recording]

Admiral Merino also said former Socialist Senator Erick Schnake has a pending case with the Navy.

[Begin recording] [Reporter] Admiral, what is your opinion about the clandestine entry into the country of three former legislators?

[Merino] What can I say. They were not allowed to enter the country [words indistinct], that is, they were in exile and if they are to comply with this decision they cannot enter the country. Therefore, I do not think they can enter the country. If they do, authorities must enforce the law because the only way to live in peace is to respect and uphold the law. Otherwise, we will not live in peace, that is all.

[Reporter] Didn't Mr Schnake have a pending case with the Navy going back to 11 September 1973?

[Merino] It is not over, he still has a pending case with the Navy. [end recording]

Moreover when asked if he was concerned about the present situation in the universities, he said: No, because the education minister is in charge of that area.

Opposition Forces to Unite Against Plebiscite

PY091925 Madrid EFE in Spanish 0354 GMT 9 Sep 87

[Text] The most important leaders of political and social orgnaizations for free elections today announced their decision to coordinate their efforts to demand that "the upcoming elections be free, open, and clean."

Andres Zaldivar, from the Committee of Political Parties and a member of the Christian Democratic Party; Ricardo Lagos from the Committee of Left-Wing Parties and a member of the Socialist Party; and Sergio Molina, from the National Council for Free Elections, during a press conference said Chileans "know unity is necessary to reach their democratic goals." The leaders issued a manifesto entitled: "United in a National Task," saying "Chilean people know that until we return to democracy, there will be no respect for their personal rights or dignity, and neither will their economic problems be resolved."

Zaldivar, former president of the international Christian Democratic Party said "the great majority of Chileans want democracy, and the will of the majority always wins."

The leaders said they will launch a national campaign in the next few days "to mobilize the people for free elections and to denounce the fraud of the plebiscite."

According to the 1981 Constitution approved by the military regime, the president of the Republic for the 1989-97 period will be elected in a plebiscite in which the Armed Forces nominate the candidate. The opposition is asking that the plebiscite be changed for multiparty and direct elections.

Government Critical of Parliamentary Assembly

PY071653 Santiago Domestic Service in Spanish 1030 GMT 7 Sep 87

[Text] The so-called International Parliamentary Assembly for Democracy in Chile has ended with a number of recommendations, most of which constitute open and outrageous meddling in Chilean domestic affairs.

A high-ranking government source described as distressing the performance of this assembly, which met in Santiago and enjoyed broad guarantees. The source said the Chileans who attended the assembly of foreign politicians showed complete incompetence and corruption. Incompetence because they do not understand what is going on in the country, and corruption because they are willing to accept foreign meddling in Chilean affairs. For example, one of the recommendations approved by the foreigners is to create groups of foreign interparliamentary observers to guarantee a clear electoral process.

Different commentaries expressed the attitude adopted by former Senator Andres Saldivar, the Christian Democratic Party vice president, who virtually supported a proposal by (Heribert Charembrot), a German lawmaker, recommending the implementation of economic sanctions against Chile. (Charembrot) said when he returns to his country he will ask that economic sanctions be implemented against our country. Saldivar supported and justified economic sanctions, mentioning as an example the economic sanctions by the United States against the communist government of Poland.

One of the congressmen who spoke during the assembly's closing ceremony announced that he would try to prevent Chile from securing more foreign credits. This

comment was made by U.S. Congressman Bruce Morrison, an extremely well-known enemy of Chile. Morrison said he (?had) introduced a proposal in the U.S. Congress that the Inter-American Development Bank and the World Bank deny credits to our country.

Another recommendation made at the assembly is to create a follow-up group to support democracy in Chile in the different European parliaments.

For his part, Jorge Lavandero, a former Christian Democratic deputy and the joint owner of the newspaper *FORTIN MAPOCHO*, asked the foreign lawmakers for economic assistance to the opposition press in our country.

Rafael Marotto, a priest who has been suspended from administering sacraments and leader of the proscribed terrorist group MIR [Movement of the Revolutionary Left], showed up at the assembly's closing ceremony but did not take the floor.

Former communist Deputy Leopoldo Ortega, who took advantage of the assembly to reappear in public, and former socialist Senator Erich Schnake, who clandestinely returned to Chile, also appeared at the assembly.

A foreign congressman proposed the assembly raise some money among the participants to give to slumdwellers to promote voter registration. Fortunately, this proposal was unsuccessful. A participant, who asked not to be identified, said this proposal was shameful meddling, and against the dignity of Chileans.

Colombia

Barco Advised To Undergo Additional Surgery

PA091859 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 Sep 87

[Excerpts] Medical spokesmen of the Korean University Hospital announced that Colombian President Virgilio Barco should undergo additional surgery upon his return to Colombia. Despite the fact that the presidential tour was canceled, the Colombian delegation continued with the program that was scheduled for Seoul, and will continue to do so in Beijing and the Philippines. [passage omitted]

President Barco's agenda in Seoul was almost entirely met by Defense Minister Rafael Samudio, who signed scientific, economic, and technical cooperation agreements as well as a bilateral trade contract. [passage omitted]

It was reported that most of the [presidential] retinue will return to Colombia tomorrow on commercial flights. The doctors treating President Barco are trying to decide when he will be fit to return to Colombia. Barco's private secretary, adviser Fernando Sanchez, and the president's relatives will remain with him.

Meanwhile, Colombians have expressed their support for the government's institutions in view of the president's illness. Sectors from the Conservative, Liberal, and Patriotic Union parties said there is no power vacuum because of the president's illness.

'Not Considering' Leave

PA091303 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 9 Sep 87

[Text] Bogota — President Virgilio Barco has so far not considered the possibility of asking the Senate for leave due to illness, Justice Minister Jose Manuel Arias Carrizosa said upon denying that Presidential Designate Victor Mosquera Chaux would be called to temporarily take charge of the executive office.

The Council of Ministers and political leaders separately analyzed the legal situation that has arisen as a result of the president's illness and his at least 1-week stay in Seoul while he recovers. The Cabinet noted that under the Constitution, it is President Barco who must decide whether to request leave. The National Liberal Party leadership, through Alberto Santofimio Botero, stressed that the Constitution clearly leaves the decision to request leave up to the president. J. Emilio Valderrama, the new president of the National Board of Directors of the Social Conservative Party, said the state of the president's health must first be determined. It is then necessary to wait and see if he wants to request leave, and only then must a decision be made on whether his illness prevents him from holding office. On his part, conservative leader Hugo Escobar Sierra said the Senate should call the presidential designate to exercise presidential functions because the president is not physically able to do so.

Meeting Called on Venezuelan Border Problems

PA091545 Bogota Emisoras CARACOL Network in Spanish 1421 GMT 9 Sep 87

[Report from Narino Palace by Hernan Estupinan]

[Text] In order to find viable and timely solutions to the problems along the entire border with Venezuela, Julio Londono, Colombian acting president and foreign minister, will meet in a few minutes at Narino Palace with governors, intendants, commissioners, and managers and directors of decentralized institutes. The meeting was called as a result of the increase in deportations of Colombian citizens by Venezuelan authorities and the economic measures, especially those regarding unregistered [no registrado] trade, recently adopted by the [Venezuelan] President Jaime Lusinchi.

The Colombian acting president also summoned acting Defense Minister General Manuel Jaime Guerrero Paz, the Armed Forces commander in chief, the public works minister, and the heads of planning of DAINICO [Administrative Department of Intendancies and Commissariats], [acronym indistinct], and DAS [Administrative Department of Security]. In addition, the governors of La Guajira and Norte de Santander, the intendant of Arauca, the commissioners of Vichada and Guainia, the president of ECOPETROL [Colombian Petroleum Enterprises], and the manager of INDEMA [Agricultural and Livestock Marketing Institute] were also summoned.

There will be a meeting at all levels at Narino Palace to analyze the border problems and seek solutions.

Aid Sent to Venezuelan Flood Victims

PA091449 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 9 Sep 87

[Text] The Colombian Government today sent a message to [Venezuelan] President Lusinchi announcing the shipment of aid from the Colombian Civil Defense and Red Cross for the [Venezuelan flood] victims.

Paraguay

Police Prohibit Meeting in Radio Nanduti

PY091548 Asuncion HOY in Spanish 9 Sep 87 p 7

[Text] A strong cordon of police, involving about 30 policemen from police headquarters and the 17th Police Precinct, last night prevented the holding of a panel meeting named "Colorado Party contributions to Paraguayan democracy" in the Jacinto Herrera Theater of Radio Nanduti. The panel was sponsored by the Central Committee of the Colorado Party, an organization formed by Colorado Party members opposing the convergence.

"No. You cannot enter. The meeting has been banned and you cannot remain here either," was the curt response of a police inspector, who was in charge of the police cordon, to the journalists in front of the Radio Nanduti building. The entrance was also guarded by five policemen. "You cannot speak with Mr Rubin, either, and I cannot give you any additional information on this," was the flat response of the police inspector, who would not give his name to the journalists who wanted to speak with the director of the popular radio station.

Speaking over the telephone, Humberto Rubin then said: "This panel meeting had the appropriate authorization because the police were notified. The panels at Radio Nanduti are causing concern." Nevertheless, Rubin made it clear that the panel-debate scheduled for today at 2030 would be held. The issue to be discussed is named "Through the path of changes, methods to get to power."

Prevent MIC Dinner

PY091527 Asuncion HOY in Spanish 9 Sep 87 p 8

[Text] The Colorado Integration Movement (MIC) yesterday released a communique in answer to "the unusual decision made by the 3d Police Precinct which has prohibited the MIC dinner scheduled at 2030 on 10 September" in a downtown hotel to celebrate the 100th anniversary of the National Republican Association of the Colorado Party.

The document says "the MIC has the duty to report to the public and the party such an arbitrary and shameful decision which goes against the freedom of a legitimate movement of the Colorado Party." The communique adds that the meeting scheduled for 11 September by the executive board of the "Militant" faction of the Colorado Party "represents a factionalism which is unacceptable to a democracy and to the conscience of the party members when the legitimacy of the Colorado Party is seriously affected."

Archbishop Denounces Repression

PY081802 Asuncion HOY in Spanish 8 Sep 87 p 24

[Communique issued by Ismael Rolon, archbishop of Asuncion and president of the Paraguayan Episcopal Conference — place and date not given]

[Excerpt] "The multi-party system is a characteristic of a democratic regime. There are always differences of opinion in such a system. There is dissent, and there are reports of irregularities, criticism, and activities to promote better government. No human institution is perfect or unimpeachable, and a political regime is even less so because of the mixture of interests involved. The Constitution establishes limits, and guarantees individual rights that are equally valid for all citizens.

"There is a painful and evident increase of police violence — beatings and arrests — particularly against legitimate opposition social and political demonstrations. What is most serious and degrading is the presence and intervention of plainclothed para-police agents, armed with sticks, twisted wire, and other weapons. The semiofficial and official justification given by the authorities is that the police assume such attitudes "to ensure and maintain the peace and order the country enjoys," We have not yet known of any street demonstration that became violent or had the real purpose of becoming violent. No demonstrators have carried defensive or offensive weapons of any kind, and people had no alternative but to flee to escape punishment. The news media have not reported any kind of bloody confrontation with the police, as is common in other places. The Paraguayan people are very patient, but for how long? With this kind of repression the authorities are playing with the future of the fatherland.

"The people and the church, united, exhort to all those responsible to fulfill the tenents of the Constitution, particularly those regarding individual rights that are mentioned in Articles 48 to 80 of Chapter 5." [passage omitted]

Daily Criticizes Actions

PY091520 Asuncion HOY in Spanish 8 Sep 87 p 10

[Editorial: "Definitions"]

[Text] We believe the country is mature enough to live under the protection of the national Constitution. This means that any attitude curtailing the basic rights established by the supreme law of the state cannot be justified. That attitude denotes incompetence in adapting to the rules of the game of democracy. And this is serious because the people who advocate that attitude are showing unmistakable symptoms that they are not fit for democratic life.

Repressive actions can only be justified under extreme situations when the bases of society are shaken by some kind of disaster, but when it is said that peace prevails in

the country, how can we rationalize the implementation of measures which, because of their harshness, do not belong to peaceful times but to chaotic periods in the life of people?

Demanding absolute conformity from the citizens and denying any expression of criticism means going back to the primitive periods of human history when intolerant individuals did not hesitate to burn the dissidents. The burning pyres are no longer used.The repression has become more sophisticated. The purpose is always the same: To do away with any source of discussion and force people to live as if in a large concentration camp with all the duties and obligations but without any freedom and guarantees.

Examples like the one mentioned occur in communist countries. They also occur when governments proclaiming different treacherous principles use the same methods in their effort to dehumanize people and to convert them into docile and obedient animals forced to applaude the orders from higher authority under the risk of being treated as the enemy of society.

The most brilliant philosophers have taught that in practice democracy is the best method to fight against totalitarianism. Contemporary statesmen have shown that defending and insuring basic freedoms are the best ways to preserve the people from the tyranny of any ideology. Therefore, based on those grounds we should understand once and for all that the enforcement of the national Constitution and laws are essential for the effective moral and material progress of society. Any restriction, except in an absolutely necessary situation, is an illness in itself which contributes to degrading the human condition.

We are living under a time of definitions. Our people want to live and conduct their legal activities within the framework of freedom and democracy. Restricting such a noble collective choice is to go against history. It is not a matter of proposing false options. The Paraguayan people want democracy.

PLRA Supporters Prevent Laino's Arrest

PY092254 Asuncion HOY in Spanish 8 Sep 87 p 9

[Text] During the Authentic Radical Liberal Party [PLRA] Rally held in Santa Barbara, Yuty district, on 6 September, PLRA President Domingo Laino said the arrest of many opposition politicians, "our companions in the struggle, the Saguier brothers, Fernando Vera, Maria Ligia Centurion and other victims of the repressive forces," are "painful incidents."

Laino criticized the closure of *EL PUEBLO*, the newspaper of the Febrerista Revolutionary Party [PRF], "which can no longer print the truth. We are disgusted by the government decision to close *EL PUEBLO*, which was not only a weekly PRF mouthpiece but also the voice of all honest members of the opposition in Paraguay."

Laino also questioned "the persecution of several political leaders who are in hiding because of the harassment of the repressive forces." He specifically mentioned Hector Lacognata, Andres Nissen, and Luis Alfonso Resck, of the Popular Democratic Movement, the PLRA Branch, and the Christian Democratic Party, respectively.

However, according to Laino, these "are merely drops in the sea, and the sea is already breaking into uncontrollable waves of peaceful rebellion, nonviolent rebellion. Civic assemblies are being held at the markets and in the squares of Asuncion. There are mass rallies in Coronel Oviedo, San Pedro del Parana, Artigas, and elsewhere in the country. This meeting, which is being held a few km from Yuty despite a police ban, is a challenge to violence and arbitrariness. It is also a call "to all Paraguayans" for peace, freedom, and equality.

The PLRA leaders decided to hold the meeting in Santa Barbara, approximately 10 km from Yuty, in view of the tense situation that arose because the police had "orders from above" to stop the march of the PLRA supporters to Yuty. Laino's supporters were prepared to "trample" the police barrier. Laino had to help calm down his supporters when the police began to lose control of the situation.

Shortly after the meeting was over, the tension rose sharply when one of the officers in charge of the police forces grabbed Laino's arm, telling him he was under arrest. PLRA members reacted immedaitely and surrounded the policeman, who had no choice but to back down. The officer then said: "Well, Dr Laino, if you will not consider yourself under arrest, then I will let you go," which caused some laughter.

Defense Minister Departs for Mexico City

PY091349 Asuncion PATRIA in Spanish 9 Sep 87 p 10

[Text] National Defense Minister Major General German Martinez and his wife yesterday departed for Mexico City. They have been invited by the Mexican Government to participate in the ceremonies scheduled to mark another anniversary of the independence of the United Mexican States. Maj Gen Martinez will decorate Mexican Secretary of National Defense General Juan Arevalo Gardoqui with the "Order of Military Merit" in the grade of "Grand Officer." In turn, Gen Arevalo Gardoqui will decorate Maj Gen Martinez with the "Order of Military Merit," first class for foreigners.

Public Works and Communications Minister General Juan Antonio Caceres will be acting as defense minister during Maj Gen Martinez's absence.

Uruguay

Nicaraguan Contra Leader Visits Montevideo

PY091806 Montevideo LA HORA in Spanish 1 Sep 87 p 8

[Excerpts] Nicaraguan contra leader Joaquin Chamorro has visited Montevideo. He came to advertise — no one knows to whom — the need for "humanitarian and military" aid for the group of former president Somoza's guards that he has been leading from abroad. [passage omitted]

Chamorro arrived secretly at the invitation of CAUSA [expansion unknown], a clearly terrorist organization financed by the Moon sect, whose South American headquarters apparently is in Montevideo.

It is impossible to learn whether the visit by Chamorro has anything to do with another thorny affair that has been unveiled in Buenos Aires, which is connected to the purchase, by the Moon sect, of a major portion of the Uruguayan foreign debt. [passage omitted]

The visit by Chamorro is deplorable, it is more deplorable that the Moon sect's South American headquarters should be here, and it is even more deplorable that terrorist-executives should be living with us, trying to see what part of our country they are going to buy.

Interior Minister on Argentine Elections

PY091821 Madrid EFE in Spanish 0418 GMT 9 Sep 87

[Text] Uruguayan Interior Minister Antonio Marchesano today said the Argentine election results "constitute a victory of the moderate sectors, and this is worth mentioning." Marchesano added that Argentine President Raul Alfonsin "ought to be proud because he is the first president to participate in a mid-term election that has ended with a victory for the opposition, for which it is evident there was no political manipulation of the results."

Marchesano also mentioned the process of integration between Uruguay and Argentina and the upcoming meeting between Alfonsin and President Julio Maria Sanguinetti which will have "an important political meaning."

Sanguinetti will travel to Argentina on 14 September for a 2-day official visit. He will visit Viedma, the future capital of Argentina, where he will sign several agreements with Alfonsin and where the two presidents will issue a joint declaration.

Iglesias Evaluates Eastern European Tour

PY072047 Montevideo Radio El Espectador Network in Spanish 1600 GMT 7 Sep 87

[Text] Uruguayan businessmen who accompanied Foreign Minister Enrique Iglesias during his tour of several socialist countries said they are satisfied with the results of the initial contacts made during the tour.

Foreign Minister Iglesias commented on the tour after returning today at noon:

[Begin recording] This is part of the tours we make with the director of foreign trade and private businessmen. The tours are aimed at strengthening economic relations and exchanging political information. I feel the tour was positive in every aspect. The businessmen are satisfied, especially those who already have markets in the socialist countries. I am basically referring to the businessmen who export citrus fruits, leather, and especially those who export fish, which is being sold for the first time in that part of Europe.

Exports with socialist countries are quite favorable for Uruguay and that is a problem. Therefore, we also want to stimulate our purchases from those countries. With this in mind, an agreement was reached for technical missions from the socialist countries to increase the incentive of capital goods purchased, especially from those countries that have a long technological tradition such as the GDR and Czechoslovakia. I think the tour was fruitful and our objectives were clearly fulfilled. [end recording]

Central Bank Releases Foreign Debt Figures

PY091928 Montevideo LA HORA in Spanish 3 Sep 87 p 10

[Text] On 31 March 1987, the foreign debt obligations which fall due in 1987 total $653.3 million. According to data released by the Central Bank, the foreign debt obligations which fall due in 1988, 1989, and 1990, total respectively, $290.8 million, $301.2 million, and $421.3 million. The obligations which fall due after 1990 total $2,216.5 million.

On 31 March 1987, foreign debt obligations for $1,159.4 million remained without maturity date (this amount includes overdrawn branch accounts and operations with unspecified maturity dates) and there are $348.9 million worth of credit repayment obligations [creditos a la vista y vencidos] that have already come due.

Obligations for $653.3 million, which will fall due in 1987, accounted for 12.12 percent of the total gross debt on 31 March 1987, which totaled $5,391.4 million.

Of the total amount falling due in 1987, $634.6 million (97.14 percent) account for the public sector's gross debt ($77.8 million owed by the Central Bank, $400,000 owed by the Bank of the Republic, $600,000 owed by the Mortgage Bank, and $555.8 million owed by the public sector, excluding financial institutions). The remaining $18.7 million are owed by the private sector to their suppliers.